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SUBJECT:

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Central Intelligence Agency

Washington, D.C. 20505

12 December 1986

MEMORANDUM FOR: Rodney B. McDaniel
Executive Secretary
National Security Council

SUBJECT: Selected National Security Issues Book

In response to your memo of 21 November 1986 requesting changes, updates and additional items, please find an annotated copy of the Issues Book along with one new addition, "Catastrophic Nuclear Accidents". As the Arms Control section will no doubt be modified to reflect the Reykjavik Summit, U.S. deployment of the 131st ALCM, and the CW Conference in Europe this summer, we make no comments at this time; if you desire, we will be glad to look at any revised version.

STAT

Acting Executive Secretary

2 Atchs
1. New Issue
2. Annotated Book

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New Issue

NLD

Catastrophic Nuclear Accidents

Issue: How can the United States ensure adequate and timely Soviet cooperation in the event of major nuclear accidents like the Chernobyl reactor event?

Objectives:

- Ensure the safety of U.S. citizens and allies in the event of Soviet reactor accidents (in the Bloc as well as in countries importing Soviet reactors) and/or Soviet nuclear weapon accidents.
- Minimize adverse economic impact of Soviet nuclear accidents on the U.S. and its allies
- Support international efforts for safety inspections.

Accomplishments:

- At the Tokyo Summit, major U.S. allies united in bringing pressure to bear on the Soviets for prompt, accurate release of information on the Chernobyl incident.

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Selected National Security Issues

July 1986

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Selected National Security Issues
July 1986

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SELECTED NATIONAL SECURITY ISSUES

Overview

The Administration's record in the national security policy realm over the past five years is one of progress and accomplishment.

- o America has reasserted the kind of vigorous and prudent leadership the Free World expects and needs.

- o Because of this leadership, the world has become a safer place.

- o Because of this leadership, economic recovery in the West has been hastened, and democracy is taking root and growing in parts of the Third World.

- o Perhaps most important of all, America has regained the sense of self-confidence that is the bedrock upon which true national security is built.

As the result of a useful meeting between President Reagan and General Secretary Gorbachev at Geneva in November of 1985, we have made a fresh start in our relationship with the Soviet Union. Even though our two governments disagree on much, we understand each other better now, and as President Reagan has said, "that's key to peace."

- o Our policy toward the Soviets is, and will continue to be based on the principles of realism, strength, and dialogue.

- o We have the opportunity and mandate to reduce the danger of nuclear war by mutually agreeing on drastic cuts in our nuclear arsenals.

- o We want countries to stop trying to expand their influence through armed intervention and subversion, and hence, we have proposed negotiated regional settlements, the withdrawal of outside forces, and international assistance in building economies and meeting basic human needs.

- o We must defend human rights everywhere, since countries which respect human rights are unlikely to begin wars.

- o We must establish better communications between our two societies, to minimize misunderstandings.

We have made clear and steady progress in reversing or containing other challenges to our security interests that we found upon assuming office in January 1981:

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- o Soviet military advances -- and more subtle forms of penetration -- into other parts of the world, have been checked: Not one square inch of free territory has fallen to communism in the past five years.

- o In Europe, relations with our Allies have been put on a stronger, steadier course.

- o The leading Western industrialized nations -- and many developing nations as well -- are increasingly standing behind President Reagan's market-oriented approach to solving global economic problems.

- o Both Israel and the Arab states, with U.S. encouragement, are making serious efforts to address their differences through a dynamic and far-reaching Middle East peace process.

- o Our consistent support and encouragement has helped foster democratic institution-building, especially in Latin America, where 26 of 33 countries are now democratic, or in transition toward democracy.

- o In Central America, we have met the challenge of externally-supported subversion of democracy head on, and thanks in part to our support, have seen heartening progress in building democracy in El Salvador.

- o In Africa, we have seen several governments move away from Marxist/socialist economic models, toward more privately-oriented economies, and the U.S. has led the world in providing humanitarian aid to drought and famine-stricken millions.

- o We have united the free world against repression in Poland, and the Soviet conquest in Afghanistan.

- o We are working with all peace-loving nations to combat terrorism effectively, and we are fighting the international drug traffickers poisoning our young people.

- o U.S. leadership has helped to ease the threat of energy shortages; oil supplies are now plentiful, and we have forged effective emergency energy arrangements with our Allies; OPEC control over energy prices has been weakened, and global oil impact prices have fallen.

- o We have begun taking effective steps toward stemming the flow of militarily-senstive technology to the Soviet bloc.

Despite our achievements thus far, we know we will have to work even harder in coming months to protect the gains already made, and to cope effectively with other international problems we face as a Nation -- and we are quite determined to do so.

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- Reaching sound and realistic arms control agreements with Moscow will continue to require much patience and effort. The Geneva Summit showed the need to continue our effort to gain Soviet acceptance of the proposition that a system of strategic deterrence based on defensive, instead of offensive weapons, would be more stabilizing than our present system.

- President Reagan's regional peace initiative which he described at the U.N. General Assembly last October, proposing negotiations among the warring parties, followed by bilateral U.S.-Soviet discussions, and U.S. participation in the economic reconstruction of the affected areas, will require a long-term commitment by all parties.

- Clearly much remains to be done to reverse the spread and deter the perpetrators of international terrorism and drug trafficking -- steps all nations must take if we are ever to halt the growth of these twin scourges of mankind.

- Much remains to foster democratic and market-oriented economic growth in those Third World countries looking to us for help.

- Helping the peoples of southern Africa to attain social and political justice peacefully poses an especially difficult challenge to us.

- Our efforts against economic protectionism, and against short-sighted approaches to the international debt problem, must be maintained if the world economy is to flourish.

- Instabilities and conflict in many parts of the world -- the Persian Gulf, Central America, and the Middle East, to name but a few -- will continue to flare up in new challenges to our interests that will require our best efforts to counter effectively.

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REGIONAL ISSUES

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SOVIET UNION

Issue:

How can the United States deter Soviet direct and indirect aggression, reducing the risk of a U.S.-Soviet war?

Objectives:

- Build on the fresh start made at the Geneva Summit to develop a U.S.-Soviet relationship characterized by mutual respect, understanding, and cooperation -- as well as peaceful competition.

- Build a relationship which will endure in the long term. Recognize that the basic relationship is adversarial, but that gains can be made from restraint and understanding.

- Work on all the items in the U.S. agenda: arms control, human rights, regional questions, and bilateral issues.

- Seek Soviet agreement to deep cuts in the vast stockpiles of weapons in the world, particularly nuclear weapons, on a balanced, stabilizing, and verifiable basis.

- Continue to improve U.S. forces, as well as assist our Allies and friends, in order to provide strong deterrent and defense capabilities.

- Counter Soviet efforts to use armed intervention and subversion to gain influence in other countries. Seek diplomatic settlements to regional conflicts where possible.

- Counter Soviet efforts in the Third World and elsewhere as they portray their system as progressive on social and economic issues in the Third World and elsewhere.

- Convince the Soviets that it is in their best interests to negotiate arms reduction agreements that will contribute to military stability.

- Defend human rights in the Soviet Union, insisting that the Helsinki accords and other international agreements on human rights be observed by all nations.

- Open up communication between the American and Soviet societies and peoples through an active program of people-to-people and cultural exchanges.

- Expand mutually beneficial trade and economic ties, while denying the Soviets military significant Western technology they seek to acquire.

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- Establish better communications between the two governments to minimize misunderstandings that might lead to dangerous situations.

In pursuing these objectives, our approach is based on three guiding principles:

- Realism, which means that we must recognize the nature of the Soviet system and must therefore deal forthrightly with problems.

- Strength, which is more than military power, but includes political determination and strength of Alliances, economic health, and adequate defenses. The Soviet Union respects strength and takes advantage of weakness.

- Dialogue, which means that we are prepared to discuss all the issues that divide us, and are prepared to work for practical and fair solutions on the basis of mutual compromise.

Accomplishments:

- By restoring our economic health, continuing to invigorate our defenses, and strengthening our political will at home and in our Alliances, we have established the basis for a constructive dialogue with the Soviet Union. The world is safer today than it was five years ago.

- Our Alliances and traditional friendships around the world are sound.

- President Reagan met with General Secretary Gorbachev in Geneva from November 19-21, 1985, and held intensive and frank discussions on the entire range of U.S.-Soviet issues. The Summit represented an important step forward in our efforts to build the basis for more stable and constructive East-West relations.

- Although the two leaders disagreed on much, they succeeded in beginning a new and direct dialogue they agreed will lead to an intensified process of high-level meetings between the two sides at all levels.

- However, since the Geneva Summit, the Soviets have stalled on the high-level dialogue, while expert-level discussions have continued. They have resisted setting dates for the next summit or foreign ministers' meeting, attempting to set ambiguously-worded preconditions.

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- On arms control, although our differences with the Soviets over the relationship between strategic offense and defense remain profound, we both have agreed that a nuclear war cannot be won and must never be fought.

- At Geneva NST, the U.S. has made a series of proposals designed to bridge the gap between the U.S. and Soviet positions for a beneficial and verifiable agreement. Recent Soviet proposals at the Geneva NST included new elements that may provide the basis for significant progress in the negotiations.

- Other U.S.-Soviet arms control discussions are continuing. An exploratory meeting on establishing risk reduction centers was held in Geneva in May; (nuclear nonproliferation talks were held in July). We are continuing bilateral discussions at the multilateral Conference on Disarmament in Geneva on a Chemical Weapons Ban Treaty, and held useful initial talks on CW proliferation in March.

- The Soviets are cooperating to implement the Geneva agenda of bilateral exchanges. Good progress is being made on people-to-people and cultural exchanges.

- On human rights, Jewish emigration figures remain at the lowest level in a decade. Modest progress made with the recent Soviet announcement for favorable resolution of 71 divided-family cases involving more than 200 people -- constituted the biggest positive human rights step since 1979. The United States continues to push for improvements.

- Regional experts talks on Central America/Caribbean, southern Africa, East Asia/Pacific, and Middle East issues have been held. Talks on Afghanistan will be scheduled. These have been useful opportunities for the exchange of views to avoid miscalculation. They may provide the basis for constructive achievements aimed at supporting diplomatic settlements to urgent regional conflicts.

- Recent bilateral progress has included measures to promote safety on air routes in the North Pacific; resumption of direct commercial air service; an agreement on the opening of Consulates General in New York and Kiev, and various scientific, medical, sports, and educational exchanges.

- At the same time, we have continued to make it clear that Soviet compliance with existing agreements has an important effect on our relationship. The President's decision on the expired SALT I and II Treaties reflected our concerns about Soviet observance.

- In short, we have put in place a policy designed for long-term management of U.S.-Soviet relations to pursue our interests without the rapid fluctuations of the past.

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- Have initiated discussions with the Soviets in Geneva on moving to a more secure deterrent relationship based on a mix of offensive and defensive forces.

- By announcing that the U.S. cannot continue to support unilaterally a flawed SALT structure that the Soviets have so egregiously undermined, President Reagan has demonstrated U.S. resolve to seek effective arms control agreements that will contribute to military stability at reduced levels of armaments, rather than abide by a cosmetic agreement that does nothing to reduce the level of armaments or insure strategic stability.

Talking Points:

- We seek to deter further Soviet direct and indirect aggression in the world and achieve a lessened reliance on the use or threat of force; a reduction in nuclear and other armaments, and a more constructive U.S.-Soviet working relationship.

- The United States wants progress in all areas of our arms control agenda with the Soviet Union -- but we are prepared to be patient. We will pursue our interests on the basis of realism, strength, and dialogue.

- We will continue our planned defense modernization program to maintain our strength, and give the Soviets sufficient incentives to negotiate meaningful and verifiable arms control agreements.

- We will continue to counter Soviet expansionism. No additional country has fallen to Soviet aggression since 1981, and Moscow has been more cautious in undertaking new military adventures in recent years, although they and their proxies remain active in such countries as Afghanistan, Angola, and Cambodia.

- Our policy objectives were significantly advanced as a result of the Presidents' Summit meeting in Geneva November 19-21, 1985. The Summit was a good start toward establishing a more constructive relationship.

- We look forward to a Summit in 1986 in the United States, and in 1987 in the Soviet Union, as agreed to at Geneva. While we regret the Soviet reluctance to proceed with scheduling these summits, and with scheduling other high-level U.S.-Soviet meetings, we are proceeding on the assumption that the Soviets will honor their commitment to hold the next summit this year in the United States.

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- Soviet noncompliance on arms control treaties remains a major problem. The President's decision on Interim Restraint followed years of unsuccessful diplomatic efforts to improve Soviet performance in this area. We will continue to exercise utmost restraint, while protecting strategic deterrence and working for reductions in strategic arsenals of both sides.

- The U.S. has made a series of proposals in Geneva NST designed to bridge the gap between U.S. and Soviet positions. The aim is for a verifiable agreement that will radically reduce nuclear arsenals.

- Recent Soviet proposals at Geneva present new material. In his June 1986 Glassboro speech, the President stated that, while we could not accept the new Soviet proposals without change, they could represent a "turning point" in arms control negotiations. We will study them carefully and prepare a response.

- Soviet resolution of humanitarian cases is a positive step, but must be seen in perspective. Jewish emigration figures stand at less than 1000 per year, compared to 50,000 in 1979. Sakharov remains in exile, and arrests of religious activists continues.

- We have continued our dialogue with the Soviets on regional issues through exchanges of view among senior experts. These have been useful, but Soviets show no signs of responding to our calls for national reconciliation in conflict-torn areas such as Afghanistan, Angola or Nicaragua.

- We are pleased by the first results of the Summit agreement on bilateral exchanges. The Kirov Ballet performance in the U.S., and Vladimir Horowitz in the Soviet Union exemplify the benefits. We are actively working on other exchange programs in medical, scientific, educational, and sports fields, and have renewed commercial air links.

- In short, we have made progress, and there is much more to be made. At the same time, we continue to be realistic. The U.S.-Soviet relationship is fundamentally adversarial and will remain so. But both sides agree they have a responsibility to ensure this competition remains peaceful. We are ready for the long effort and steady course to pursue our national interests in this fashion.

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* To make more current, Deputy Secretary of State Whitehead in November 1986 could be used in place of Secretary Shultz in December 1985 in sentences underlined below.

- o U.S.-Hungarian relations have improved significantly through resolution of virtually all family reunification cases, Hungary's adherence to conditions for MFN status, and our support for Hungarian membership in the IMF in 1982. * Secretary Shultz had productive meetings in Budapest in December 1985, and there have been several other high-level visits during the past two years.

- o * In December 1985, Secretary Shultz visited Romania, Hungary, and Yugoslavia. This trip, once again, manifested our strong interest in maintaining and improving relations with Eastern Europe, without at the same time sacrificing our objections in the human rights area. Specifically, in Romania, Secretary Shultz met with President Ceausescu and vigorously reaffirmed * our interest in seeing concrete improvements of their human rights situation. (Such contacts were reinforced by Defense Minister Milea's visit to the United States in October 1986, the first such visit by a Warsaw Pact defense minister)

- o Romania has continued its independent foreign policy, notably with respect to participation in the Warsaw Pact on its own terms, and expansion of high-level political and military contacts in Western Europe and the United States. Romania also continues to direct a higher share of its foreign trade to Western industrialized nations than other members of the Warsaw Pact. The Romanian Government has implemented an agreement reached in 1985, governing emigration from Romania to the United States, which provides for orderly processing under U.S. law and greatly reduced hardships suffered by intending emigrants prior to their departure from Romania. Emigration to the West continues at a level far higher than any other East European country. We are encouraged by the Romanian Government's release of several religious activists from prison in May-June 1986, and by the announcement of a broad amnesty of political prisoners. However, we have been concerned by the Romanian Government's limited response to numerous expressions of strong U.S. public, Congressional, and Administration concern about its performance in areas of human rights generally, and religious issues. In June 1986, the President directed Secretary Shultz to further press our concerns in these areas.

- o Since ACDA Director Kenneth Adelman first led a U.S. delegation to Yugoslavia, Romania, and Hungary in January 1985 to brief East European officials on the results of the Shultz-Gromyko meetings in Geneva, other U.S. arms control experts have traveled periodically to Yugoslavia, Romania, Hungary, Czechoslovakia, Bulgaria, and GDR to keep these countries abreast of U.S. positions at the Nuclear and Space Talks, the CDE, and MBFR. These briefings and consultations were very successful. East European interlocutors expressed appreciation for the information provided, and we were able to counter Soviet propaganda and foster greater East European interest in this vital area of East-West relations.

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visit could be used in place of or added to the reference to Secretary of State's Dec. 85 visit. November 1986

- Bilateral relations with Yugoslavia were strengthened further by Prime Minister Planinc's visit to Washington in May, 1985, and Secretary Shultz's trip to Belgrade in December, 1985. Conclusion of a constructive debt rescheduling agreement in May, 1986 between Yugoslavia and its official creditors marked the fourth consecutive year of U.S. involvement in financial assistance to Yugoslavia in support of its economic stabilization program. We have intitiated a useful dialogue with the Yugoslav Government on the strengthening of bilateral cooperation against terrorism, and are encouraged by recent developments in this field.

- ~~In 1985, the Bulgarian Government agreed to establish a mechanism for exchange of information related to illegal trafficking in narcotics.~~

- Although our sanctions policy toward Poland contributed earlier to a certain moderation displayed by Warsaw (e.g., in July 1984, an amnesty announced by the Polish Government for all political prisoners enabled us to take positive measures in response), the past eighteen months have witnessed a rise in political repression, leading to a standstill and renewed hardening of relations. Despite calls from Solidarity and Church leaders within Poland for a lifting of our sanctions, we continue to view sanctions as an effective lever to encourage the Polish Government toward more concrete progress toward genuine national reconciliation, which remains the precondition to better bilateral relations.

- Since 1981, we have provided over $300 million in humanitarian food aid to Poland. Specifically, the Administration has assisted voluntary agencies (CRS, CARE, and World Vision) by providing dairy products and grains to the Polish people through nongovernmental channels. Following the Chernobyl nuclear disaster of April 1986, the U.S. Government donated over 2600 MT of dairy products to Poland for distribution through private voluntary organizations.

Talking Points

- Through our policy of acknowledging diversity in the region, we have successfully maintained good bilateral relations with several East European countries, despite overall East-West tensions and persistent Soviet efforts to tighten political controls.

In October 1986, the Bulgarian government signed an agreement to turn over to the US government samples of large heroin seizures for analysis by the Drug Enforcement Agency.

The tick on this and the following page have to be reset to reflect the September 1986 amnesty of political prisoners, the Jaruzelski regime's

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- We have rejected any notion that there has been a "lawful" division of Europe. The Yalta agreement did not divide Europe into "spheres of influence." Rather, the Soviet Union pledged itself to grant independence to Poland and other states in Eastern Europe, and to hold free elections. The Soviet violation of these obligations is a root cause of East-West tensions today.

- With respect to Poland, we have maintained a measured, effective, step-by-step approach, under which we began easing our sanctions in direct response to liberalization measures taken by the Polish Government. However, fluctuations in the number of Poles detained for political reasons and other unfavorable developments have brought further progress to a standstill for the time being. At the same time, we are continuing to provide humanitarian aid through non-governmental channels, which has totaled over $300 million since 1981. It remains essential that the regime move toward genuine dialogue and reconciliation with all elements of Polish society, including the workforce, if bilateral relations are to improve further.

* See Comment on Previous Page.

- With respect to Romania, we seek to encourage further development of that country's independent foreign policy through expansion of political and economic dialogue on broader issues. Emigration from Romania to the West and Israel continues at a high level. Although we are heartened by the release of several Romanian political and religious activists from prison, we remain deeply concerned by the conditions and practices that put them there. We shall continue to engage the Romanian Government on the question of religious expression.

- We strongly support Yugoslavia's independence and unity, and respect its non-aligned status. We are pleased that Yugoslavia has reached agreement with its commercial and official creditors on debt rescheduling[~~, and~~] we will continue to provide appropriate assistance to Yugoslavia in support of its economic stabilization program. We continue to consult with the Yugoslav Government to improve biateral cooperation against international terrorism[~~, and believe that our meetings have been useful and productive~~]

While we believe that Belgrade must take stronger actions to deal with its economic problems.

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WESTERN EUROPE

Issue:

How can the United States most effectively expand and strengthen our deep, longstanding political, economic, and military ties with Western Europe?

Objectives:

- Strengthen the NATO Alliance and our political and military relations with Western European nations.
- Thwart Soviet efforts to decouple the U.S. from its West European Allies.
- Work with our Allies to improve NATO conventional and nuclear deterrents.
- Work with our European Allies and friends to promote sustainable, non-inflationary growth in our countries.
- Secure support for our opposition to protectionist tendencies and for a new round of multilateral trade negotiations.
- Ensure that Allied dependence on the Soviet Union for energy supplies remains at a level that does not pose a security threat.
- Curb the flow of militarily significant technologies, products, and resources from the West to the Soviet Union and its Allies.
- Strengthen U.S.-Allied cooperative efforts to combat international terrorism and drug abuse.
- Expand Allied consultations and cooperation on regional issues affecting Western interests outside the European area with a special focus on the promotion of democracy.

[counterterrorism, etc. do not focus on promotion of democracy]

Accomplishments:

- The Administration has put relations with our European friends and Allies on a stronger and steadier course. This was largely accomplished through intensive consultations with our Allies at all levels, including frequent meetings between the President and key European leaders, Ministerial-level meetings, and the use of special emissaries.

[need some recognition of recent setbacks]

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- We have secured a general consensus that free market policies and reduced government spending will promote non-inflationary growth and elimination of structural rigidities; we also have Allied agreement on a pragmatic approach to Third World debt problems.

- We have forged a strong Allied consensus behind ~~a realistic~~ approach to East-West relations, based on strength and dialogue.

- NATO's unity on INF deployment policy has helped thwart Soviet efforts to decouple the U.S. from Europe, and has sent Moscow a strong signal of Alliance resolve and solidarity. ~~At the same time,~~ we and our Allies remain fully committed to achieving significant arms reductions.

- Western Europe has taken an important step with the entrance of Spain and Portugal into the EC. The historic vote of the Spanish people to endorse NATO membership was a solid victory for the Alliance, and collective defense.

- We have played a major role in developing a conventional defense improvement program to enhance NATO's conventional defenses. NATO is actively examining additional improvements. We are leading complementary efforts supporting better utilization of emerging technologies and enhanced arms cooperation.

- The U.S. economic recovery has helped stimulate non-inflationary economic growth in West European countries. European real GNP grew 2.4% in 1984 and 2.3% in ~~1986~~ 1985; outlook for 1986 is for 2.5%,

- Progress has been made toward launching a new round of multilateral trade negotiations, including trade with and among developing countries. Further trade liberalization will strengthen the economic expansion in the U.S. and Western Europe, and help spread the recovery to the LDCs.

- Our Allies have supported the U.S. initiative to address the problems of the major debtor countries.

- We have agreed with our Allies not to subsidize the Soviet economy or aid Soviet military expansion by offering preferential trading terms or easy credits.

- We have agreed with our Allies to restrict the flow of products, materials, and technology which would increase Warsaw Pact military capabilities.

- We have helped to foster a more balanced and realistic understanding among our Allies of the Soviet threat and the means by which the Soviets seek to achieve their aims.

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- We have agreed with the Europeans on a strategy to reduce European dependency on the Soviet Union as an energy supplier.

- We have reached an agreement with our Allies to explore the possibility of a joint space station.

- We have strengthened and intensified dialogue with our Allies on steps to combat international terrorism and drug abuse.

- We have obtained Allied support for the President's Strategic Defense Initiative research program as a prudent hedge against Soviet ballistic missile defense efforts.

Talking Points:

- Our objectives in our relations with our Western European Allies and friends have been to expand and strengthen our political, economic, and military cooperation; to assist in spurring their economic recovery; and to negate Soviet efforts to sow discord among us.

- The Western Alliance system has become strong again. We have excellent relations with all of our Allies, and President Reagan has developed strong personal ties with many European leaders. As President Reagan said when he met with the NATO Foreign Ministers in May 1984, "For us, our NATO partnership is an anchor -- a fixed point in a turbulent world."

- We continue working closely with our Allies in a number of areas of fundamental importance to us all. These include: the pursuit of peace and arms control with the Soviet Union; planning cooperative responses to a possible oil shortage; resolving the world debt problem; restricting the flow of sensitive technology to the Soviet Union and its Allies; reducing European dependency on Soviet energy; exploring the possibility of a joint space station; combating international terrorism and drug abuse, and promoting democracy around the world.

- Allied solidarity in the face of Soviet intimidation and threats succeeded in getting the USSR back to the negotiating table. We now have an opportunity to pursue real and verifiable reductions in the nuclear arsenals of both sides, enhancing stability and reducing the risk of war.

- The Alliance is in fundamental agreement regarding the nature of the challenge posed by the Soviet Union and its allies. Despite Soviet threats, NATO is deploying INF missiles to counter the SS-20 deployments, has reached a new consensus on preventing the flow of militarily significant technologies to the East, and has undertaken a program to enhance NATO's conventional defense capability.

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- The U.S. economic expansion has provided the impetus for growth in West Europe. Other joint initiatives, designed to eliminate protectionist tendencies and promote trade with developed, as well as less-developed nations, will continue to strengthen the economic expansion in the U.S. and Western Europe and help spread the recovery to the LDCs.

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JAPAN

Issue:

How should the United States manage the vital and complex relationship with Japan?

Objectives:

- Maintain and strengthen our excellent overall bilateral relationship.

- Continue to manage our trade relations carefully, and prevent spillover of tension to other areas. Increase efforts to open Japan's markets more fully to U.S. goods, especially manufactured goods, and promote Japanese shift toward domestic, rather than export-led growth.

- Encourage Tokyo to meet its declared self-defense commitments; steadily expand bilateral defense cooperation.

- Enhance our ability to compete openly with the Japanese in high technology.

- Seek a positive Japanese regional and global role in support for our key security, foreign aid, and other policies in East Asia as well as around the world.

- Urge Japan to import more U.S. energy.

Accomplishments:

- Groundwork for recent cooperation was set at the meeting of the President and Prime Minister Nakasone in Los Angeles on January 2, 1985. Further discussions that set the tone occurred at the Camp David meeting in April 1986, and the Tokyo Economic Summit in May 1986. At these meetings, President Reagan and Prime Minister Nakasone strengthened their already close personal working relationship which has led to increased U.S.-Japanese cooperation in economic and security areas.

- The Japanese government has additional steps to take to help meet growing demands by the Congress for increased U.S. access to the Japanese market in several areas, including telecommunications and other products. There still remain, however, several problems to be solved in important market access areas, including semiconductors and fish.

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In the electronic sector, we have begun to discuss barriers to the sale of US supercomputers to Japanese public sector companies. Current discussion on auto parts comprise a fifth sector.

- Intensive talks begun in January 1985 in four sectors (MOSS talks) to eliminate trade barriers, have expanded business opportunities for U.S. companies in Japan ~~and are now in the third follow-up phase of four phases. A negotiating package arrangement on semiconductors, agreed on transportation machinery (including auto parts), is the fifth sector.~~

- Following the rapid strengthening of the yen in late 1985 and early 1986, the Tokyo Summit partners agreed to compare economic data in an effort to improve the stability of exchange rates, establish a consultative mechanism for stronger macroeconomic coordination, and schedule regular meetings of ministers of finance.

- ~~We have agreed to~~ Last summer we launched a bilateral dialogue on structural economic issues, such as the saving/investment imbalance. This will enable us to influence and monitor progress on reform.

- We have ~~initiated negotiations~~ completed arrangements on a voluntary restraint agreement for machine tools. ~~A long-standing case on leather products was settled last year.~~ The pathbreaking semiconductor agreement offers opportunities for increased US sales but the use by Japanese companies of third countries to avoid floor prices requires careful monitoring.

- In the defense area, Japan ~~has~~ agreed to an expanded self-defense role which, if properly funded, will aid global and regional deterrence. In September 1985, the Nakasone cabinet approved a five-year defense program to significantly increase Japan's capability to meet its national defense goals. The program has official Japanese Government backing, as opposed to its two predecessors, which were only Defense Agency estimates that carried no weight in the government. Moreover, the first year of the plan, also in contrast to past practice, was fully funded in the 1986 budget.

- We have seen increased Japanese support for U.S. military presence and expanded U.S.-Japan defense cooperation.

decided in September 1986 to allow private firms to participate in SDI research and is negotiating terms of participation. Tokyo has also

Talking Points:

- The U.S.-Japan relationship remains the foundation of U.S. policy in the Pacific.

- The President's trips to Japan in May 1986, and Prime Minister Nakasone's visit to the U.S. in April 1986 strengthened U.S.-Japanese ties, and the partnership for peace existing between our two countries.

- Japan has committed itself to restructure its export-oriented economy ~~from export-oriented~~ to demand-based economy over a period of years. Based on a report by Prime Minister Nakasone's Maekawa Commission, the long-term restructure has been adopted as government policy.

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- Japan has set as a national goal the reduction of trade surpluses, pledged to shift its economic structure to one dependent on domestic-led growth. This should increase imports, particularly manufactured goods, ~~and~~ greater long term purchases of energy materials from the U.S. ~~over the long term~~ would also be desirable.

- Japan's decision to identify a target figure of 18.4 trillion yen (over $110 billion) in defense spending in a five-year defense plan is a further indication of Japan's continuing commitment to attain its defense objectives.

- We are pleased Japan has shown resolve to improve the defense establishment, has committed to increase further economic aid to the developing world, and has promised more market-opening. Japan can take on even greater responsibility in both the military and international economic areas, and has increasingly assumed a global political stance in line with its economic superpower status.

- The U.S. and Japan entertain a good coincidence of views on relations with the Soviets, the Philippines, the need for Central American stability, the importance of easing debt burdens of LDCs, and other global issues.

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PEOPLES REPUBLIC OF CHINA

Issue:

How can the United States develop strong, stable, and enduring relations with China?

Objectives:

- Work for continued growth in our trade, economic and cultural relations.
- Increase our dialogue with Beijing on global political issues where we share parallel interests, as well as areas on which we disagree.
- Assist China's economic modernization, encourage expansion of market forces in its economy and continued trade relations with the West.

Accomplishments:

- Our relations have been strengthened and expanded considerably in recent years due to consistent effort and determination on both sides.
- We have enhanced our mutually beneficial relationship with China without compromising our commitments to the people of Taiwan.
- We have begun a program of military cooperation with China to strengthen our mutual defensive capabilities.

Talking Points:

- The successful visits in 1984/85 of President Reagan, and Vice President Bush to China and Premier Zhao and President Li Xiannian to the United States broadened the dialogue and depth of relations. High level exchange visits [have] continued in 1986, most recently [Treasury Secretary Baker] to China, and [the] Vice Premier Yao Yilin to the United States. (almost 6) — Secretary of Defense Weinburger
- Our economic relations are expanding significantly. [Total] trade amounted to [$8.1] billion [in 1985]. The U.S. is China's third largest trading partner and second largest foreign investor. At the end of 1985, U.S. investment commitments totaled slightly over $2 billion, including $270 million in 139 equity joint ventures, $900 million in 39 contractural joint ventures, and $905 million in offshore exploration. Last year, through the third quarter. [of 1985]

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In addition to Secretary Weinberger,

- o A number of senior U.S. and Chinese military officers have exchanged visits in the past year. These visits and future ones demonstrate the limited, but important cooperative relationship which has developed with the goal of strengthening our mutual defensive capabilities. ~~[Congress was notified in August 1985 of the first sale of defensive equipment to China.]~~ In October 1986, China made its first major purchase under the Foreign Military Sales program -- 55 avionics packages for F-8 fighter aircraft.
- o In 1983, the U.S. liberalized export controls on high technology products, such as computers and laboratory instruments to China, and sales of these items have skyrocketed. Improvements in COCOM procedures in the past year have further facilitated this high-tech trade.

- o The bilateral peaceful nuclear cooperation agreement was brought into force on December 30, 1985.

- o Our military cooperation with China is proceeding cautiously and prudently, and is focused on strengthening China's defensive capabilities with respect to the USSR, without, at the same time, improving China's offensive capabilities against Taiwan, or threatening our other friends and allies in the region.

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EAST ASIA/PACIFIC BASIN

Issue:

What should the United States do to facilitate the growth of secure, prosperous, and politically stable nations, closely associated with U.S. principles and goals, in Korea, Southeast Asia, and the Pacific Basin?

Objectives:

- Continue developing a comprehensive Pacific Basin development strategy that will enhance regional cooperation with the U.S. throughout the area.

- Support the bilateral strengthening of U.S. economic, political, and security ties with the members of the Association of Southeast Asian Nations (ASEAN).

- Pursue a policy toward Vietnamese occupation of Cambodia that firmly backs ASEAN's proposals for negotiated settlement.

- Especially maintain our close security and economic ties with treaty ally Thailand.

- Work closely with the Government of the Philippines to improve the[ir] economy, revitalize [~~their~~] political institutions and combat the security threat.

- Deter North Korean aggression by continuing to provide a U.S. force presence and a close alliance relationship with the Republic of Korea.

- Encourage the resumption of direct talks between North and South Korea, while discouraging efforts to involve the U.S. in any direct negotiations with North Korea which might deflect adversity on the sovereignty of the Republic of Korea, or undermine the structure of the armistice.

- Resolve the Southeast Asia POW/MIA issue as a matter of the highest national priority.

- Work with regional countries and other resettlement nations to manage the flow of Indochinese refugees.

- Maintain our historically close ties with Australia, and encourage New Zealand to reverse its policy with respect to port access ships which might be nuclear-powered or nuclear-armed so that our traditional alliance cooperation can be restored.

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- Encourage the development of friendly, democratic Pacific Island nations with foreign policies supportive of U.S. interests.

Accomplishments:

- The President's trips to Indonesia and Japan in 1986, to Japan, Korea and China in 1983 and 1984, the Vice President's trip to Japan and Indonesia in 1984, and to China in 1985, Secretary Shultz's four visits to ASEAN and Oceania, and Secretary Weinberger's trips to Japan, the Republic of Korea, Thailand, the Philippines, ~~and~~ Australia, clearly affirmed our commitment to a policy of close cooperation with the countries of the region. and China

- The relatively peaceful transition to power of a new government in the Philippines improves the prospects for resolution of that nation's urgent political, economic, and security problems.

- Numerous policy level and technical level talks have secured a Vietnamese pledge to resolve the POW/MIA issue within two years: have ~~begun~~ CONDUCTED joint crash site excavations in both Laos and Vietnam, have seen the return of more remains in the past twelve months than anytime since the end of the war, ~~and have established two-way dialogue on the issue of live prisoners.~~

Talking Points:

- The nations of the Pacific Basin represent the most dynamic and fastest-growing economies in the Free World. As President Reagan has said, "I see America and our Pacific neighbors as nations of the future going forward together in a mighty enterprise to build dynamic growth economies and a safer world."

- We have strongly supported the ASEAN's economic and political activities, and have simultaneously increased our security cooperation with the individual member states. We have encouraged the ASEAN countries to continue their forward-looking economic policies based on free trade. We are encouraging increased U.S. trade and investment in the region. President Reagan met with the ASEAN Foreign Ministers in Bali, Indonesia in April 1986.

- We will continue to support ASEAN's nations' efforts to forge a Pacific Basin development concept at a pace with which they are comfortable.

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- The U.S. strongly backs ASEAN's quest for a negotiated settlement in Cambodia. At the same time, we have continued to stress that the POW/MIA matter remains the most important bilateral issue between ourselves and Vietnam. We have made it clear to the Vietnamese that this issue is separate and humanitarian, but the American people would not permit us to move forward to normalization without substantial progress. They also know that real progress would improve the atmosphere between our countries and pre-position them for a settlement in Cambodia, although the withdrawal of their forces remains an essential condition.

- The Ray report provides a basis for examining our efforts to manage the Indochinese refugee problem, in conjunction with the efforts of other resettlement countries, countries of first asylum, and international organizations.

- The United States will maintain its security commitments to the Republic of Korea. In order to ease tension, it is important that North Korea responds positively to the Republic of Korea's call for a resumption of North-South bilateral negotiations.

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SOUTH PACIFIC

Issue:

What should the United States do in the South Pacific to facilitate the growth of secure, stable nations supportive of U.S. principles and goals?

Objectives:

- We have successfully conclude~~d~~ ~~ongoing~~ negotiations of a regional fisheries agreement with the South Pacific Forum.
- Obtain United Nations approval to terminate the Micronesian Trusteeship and implement the Compact of Free Association for the Marshall Islands, the Federated States of Micronesia, and Palau.
- Respond to the newly-established South Pacific Nuclear Free Zone Treaty (SPNFZ) in a manner that protects U.S. interests, and is perceived as responsive to Pacific concerns.
- Maintain access to the region's ports for U.S. warships.
- Minimize Soviet influence in the region by providing the island nations with alternatives to economic and political relations with the Soviet Union and Soviet-influenced powers.

Accomplishments:

- We have established a bilateral assistance program for Fiji in recognition of its long history of support for the U.S. on issues of vital national interest.
- We have maintained an active ship visit program in the South Pacific, with nuclear-powered warships having called in Western Samoa and Tonga in 1985, and in Fiji in 1986. Conventionally-powered ships have called at Papua New Guinea and other areas.
- We have obtained Congressional approval of the Compact of Free Association for the Marshall Islands and the Federated States of Micronesia. The Trusteeship Council of the U.N. has adopted a resolution supporting termination of the Trusteeship. The conclusion of a Compact with Palau ~~has not yet been accomplished awaiting at the moment a decision by the Appeals Division of the Palau Supreme Court.~~ awaits the holding of a successful plebiscite by that island group.

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Talking Points:

- The Administration is committed to conclusion of the Compact for Palau, and its passage by Congress; to termination of the Trusteeship by the U.N., and implementation of the new political status arrangements at the earliest possible time.

- We are ~~vigorously pursuing negotiation of a~~ implementing the regional fisheries agreement that ~~would~~ will guarantee American fishermen access to the region's tuna stocks, while at the same time bringing economic benefit to the island states.

- The President and Secretary Shultz have publicly acknowledged Fiji's contribution to regional security through its open port policy. We are equally pleased with the contributions to the region's security of Tonga, Papua New Guinea, and Western Samoa in welcoming the visits of U.S. warships.

- Our biggest problem in countering growing Soviet influence in the region is our inability to provide greater funds for economic and military assistance and for support of a regional fisheries agreement.

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ISRAEL/ARAB STATES/LEBANON

Issue:

How can the United States effectively improve prospects for a lasting peace between Israel and its Arab neighbors and assist Lebanon in attaining unity and stability?

Objectives:

- Support efforts to resolve the Arab-Israel conflict through direct negotiations among the involved parties, including the Palestinians.
- Encourage the improvement of relations between Egypt and Israel in accordance with their peace treaty.
- Ensure the security of Israel within defensible and recognized international borders.
- Expand U.S. relations with Arab states, and continue to demonstrate U.S. resolve to maintain our security assistance relationships.

Accomplishments:

- The United States took the lead in setting up the Multinational Force and Observers in the Sinai. The success of this venture made it possible to return the Sinai to Egypt.
- The President's peace initiative of September 1, 1982 set forth a balanced set of positions which the parties to the Arab-Israeli conflict know the U.S. will stand by as soon as negotiations are resumed.
- Our contacts with all factions in Lebanon have allowed us to be an important force for restraint at critical moments.
- The presence of our Embassy in Beirut ~~and our continuing economic and military assistance programs are important~~ are concrete indications of our support for the central government, and of our continual interest and engagement in Lebanon.
- We ~~have been engaged with~~ assisted Egypt and Israel in ~~intensive~~ successful efforts to ~~achieve a resolution of~~ the Taba dispute and other issues affecting their bilateral relationship. We are committed to help the parties bridge their differences if we can.

negotiate a framework for resolving

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- o In 1984, at the request of the Government of Egypt and in cooperation with other nations, we assisted in mine-clearing operations in the Gulf of Suez following the mining of this vital waterway by an unknown party. We also assisted the Saudi Government in like manner in their waters near Jidda and Yanbu.

- o We reached agreement with Israel in late 1983 to set up a Joint Political Military Group to plan and coordinate strategic cooperation, and the group now meets on a regular basis.

- ☆ o The U.S. Navy ~~has agreed to~~ helped Israel search for its missing submarine "Dakar," lost off the coast of Egypt in 1968. Egypt ~~has~~ agreed to a search in their waters by the U.S. Navy, with Israeli observers, ~~to begin~~ this summer, but ~~vessel was found~~ submarine was not found.

- ☆ o On the economic side, we ~~have~~ concluded a free trade area agreement which went into effect on September 1, 1985. Negotiations are currently underway for the establishment of a VOA/RFE/RL transmitter in Israel.

Talking Points:

- o A formal state of war has existed between Israel and its Arab neighbors since the State of Israel was founded in 1948. Ever since that time, it has been our policy both to help Israel survive and defend itself, and to work with all states in the region to help them resolve their differences peacefully. This Administration has reaffirmed and reemphasized these two key aspects of our overall Middle East policy while attempting to enhance our security cooperation with all parties as an essential element in achieving our mutual goal of peace in the region.

- o We have invested a great deal in working for peace in the Middle East. Although not all these investments have yet paid tangible dividends, they serve to demonstrate our deep interest in helping bring peace, freedom, and prosperity to all the peoples of the region.

- o American-Israeli relations, always close, are at an especially high level. JPMG and the FTA are examples of our deepening relationship.

- o Israel faces serious economic problems that only it, through serious efforts of economic discipline, can solve, but we back those efforts. In this regard, we strongly support the economic measures that have been introduced by the government, and we look forward to their continued and effective implementation.

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- We support the withdrawal of all foreign forces from Lebanon. We favor agreed-on arrangements in South Lebanon as the best means of assuring stability in the South and security for Northern Israel.

- Recognizing that Lebanon's political problems cannot be solved by force, we support efforts to end fighting and reestablish a dialogue that could lead to political reform.

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IRAN-IRAQ WAR

Issue:

How can the United States contribute to international efforts to improve the security of the Persian Gulf region and find a solution to end the six-year old Iran-Iraq war?

Objectives:

- Support diplomatic efforts to end the Iran-Iraq war and prevent its spread to the Persian Gulf and other countries.
- Assist our friends in the Gulf to meet their legitimate self-defense needs in the event that the Iran-Iraq conflict expands.
- Reduce Soviet opportunities to exploit the conflict and further destabilize the region.
- Ensure that the Strait of Hormuz remains open to international shipping.
- Within the framework of U.S. neutrality, continue to develop our political and economic relationship with Iraq in support of its nonaligned status.
- Maintain our current state of military readiness to deter, and if necessary, defend against possible escalation of the conflict, thereby reducing the threat to non-belligerent oil and shipping interests.
- Continue to urge our Allies and regional states to cooperate in the event of a crisis to avoid panic oil-buying and subsequent oil price increases and shortages.

Accomplishments:

- By encouraging restraint by both combatants, by not supplying arms to either side, and by discouraging sales of military equipment to Iran, we have helped prevent a widening of the war.

Needs updating in light of recent development

- By providing U.S. AWACS and surface-to-air missile systems to Saudi Arabia, we have demonstrated to our friends in the Gulf that we are committed to helping them meet their legitimate self-defense needs.

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- In response to instability in the Persian Gulf, the U.S. led a process within the International Energy Agency to improve international energy emergency preparedness. An IEA decision (July 1984) calls for a coordinated stock draw in the event of a crisis, coupled with other measures (demand restraint, increases in indigenous production) to avoid a rush to the spot market. In addition, all nations which do not have adequate stocks have agreed to make best efforts to increase them.

- The Soviets have not yet improved their position in this important region.

- In November 1984, we reestablished normal diplomatic relations with Iraq after a 17-year break.

Talking Points:

- The United States is and has been concerned about this six-year old conflict because it threatens the security of the other states in the Persian Gulf and the flow of Gulf oil to the West, and may create opportunities for Soviet meddling.

- We have continued our efforts to prevent a widening of the Gulf War and to bring about a negotiated settlement, working closely with our Allies in efforts to contain the conflict and to prepare for any temporary disruption of the flow of oil from the region. We also have been working with the U.N. to try to develop a formula for restraint leading to a comprehensive settlement.

- We are committed to helping our friends in the Gulf meet their legitimate self-defense needs and to help keep the Gulf open to the shipping of non-belligerents.

- We are attempting -- so far successfully -- to avoid direct Soviet or other external involvement that would further destabilize the region.

- We have made it absolutely clear to the Iraqi Government that we abhor its use of chemical weapons against Iran, and we have reminded both sides of our neutrality, as attacks on shipping and Iranian visit-and-search efforts have increased.

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AFGHANISTAN/SOUTH ASIA

Issue:

What should the United States do to help end the Soviet military occupation of Afghanistan, enhance Pakistani security against external aggression, and encourage peaceful relations among all South Asian nations?

Objectives:

- Support U.N. resolutions calling for Soviet withdrawal from Afghanistan.
- Assist in obtaining the restoration of Afghanistan's neutral and non-aligned status, self-determination for the Afghan people, and the opportunity for Afghan refugees to return home in peace, freedom, and honor.
- Help project the international image of the Afghan resistance as a national liberation movement.
- Improve bilateral relations with all South Asian countries.
- Promote regional stability by supporting regional dialogue and cooperation, particularly in matters of commerce, trade, narcotics control and anti-terrorism. Support dialogue between India and Pakistan to reduce potential for nuclear proliferation in the region.
- Assist Pakistan to remain free and secure, despite the threats posed by the Soviet occupation of Afghanistan.
- Strengthen relations with the potential world power in the region -- India -- building on positive dialogue begun with Rajiv Gandhi in June, 1985.
- Maintain good relations with Nepal and Sri Lanka; encourage a peaceful settlement of the communal conflict in Sri Lanka.

Accomplishments:

- We have helped keep the issue of Soviet aggression in Afghanistan before world public opinion; there remains overwhelming international condemnation of Soviet behavior there.
- The United States has contributed heavily to the support of the 3.4 million Afghan refugees who have fled their homeland; we are the largest contributor to the refugee relief effort in Pakistan.

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- We have also participated in a program of cross-border assistance designed to help the Afghan civilian population better sustain itself inside Afghanistan.

- We have been in the forefront of those nations encouraging a political settlement that would allow the Soviets to withdraw from Afghanistan.

- Thanks largely to the provision of $3.2 billion in American aid, Pakistan's security has been enhanced.

- Pakistan's confidence to defend itself has been furthered by a follow-on six-year aid program of $4.02 billion in 1988.

- We have responded to India's desire for increased access to advanced technology, and are working toward broadening cooperation in several other areas, including anti-terrorism, narcotics control, and trade.

- We have continued high-level discussions with the Indian government to increase understanding of U.S. policies.

- The U.S. has encouraged sustained dialogue between India and Pakistan to reduce regional tensions, including the nuclear issue.

Talking Points:

- U.S. policy on South Asia has focused on seeking an end to the Soviet occupation of Afghanistan, strengthening Pakistan's security against potential Soviet aggression, improving relations with India, strengthening democratic institutions, and promoting regional South Asian peace and understanding.

- President Reagan has made clear our support for the Afghan freedom fighters -- it is clear where we stand.

- The Afghan national liberation movement, like others which struggle against regimes imposed by Soviet imperialism, cannot be defeated by force of arms. Like the colonial powers earlier in this century, the Soviet Union must recognize that the tide of history is against them in Afghanistan.

- Our position on Afghanistan has been shared by 121 other nations that voted for last November's U.N. General Assembly resolution on Afghanistan. This was the largest number (in six years of strong votes) ever to call for Soviet withdrawal. We have also helped to promote the search for peace by supporting Pakistan's efforts to seek a political solution to the Afghan dilemma through the offices of the U.N. Secretary General.

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- We have underscored our strong commitment to help Pakistan protect itself by negotiating a new multi-year program of economic and security assistance valued at $4.02 billion as a follow-on to the $3.6 billion program which runs out in 1987.

- We have conducted a dialogue at the Head of State and Head of Government levels with India, Pakistan, Nepal, Sri Lanka, and Bangladesh in the last four years. Our contacts have also continued at other levels.

- The United States has encouraged sustained bilateral discussions between the Governments of Pakistan and India to narrow their longstanding differences.

- We have worked to reduce chances of nuclear weapons proliferation in the area, and have also encouraged India and Pakistan to include this issue in their bilateral discussions.

- We have improved relations with India through a continued high-level dialogue -- resulting in stronger ties in the areas of trade and technology transfer, broader cooperation against terrorism and illicit narcotics traffic, and better consultation on international issues.

- We have supported Prime Minister Gandhi's efforts to promote a political resolution of the communal conflict in Sri Lanka.

- Recognizing that South Asian stability requires stronger regional cooperation, we have also supported efforts to develop the South Asia Association for Regional Cooperation as an effective forum for promoting stronger ties among South Asian nations.

- We have strongly encouraged the efforts of Pakistan and Bangladesh to develop enduring democratic institutions.

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SOUTHERN AFRICA

Issue:

How can the United States best use its influence to help establish racial and political democracy in southern Africa and avoid bloodshed, revolution, and susceptibility to extremist solutions?

Objectives:

Our policy approach is regional and has the following goals:

- Eliminate apartheid.
- Promote the need for dialogue and negotiations between the South African Government and representative black leaders.
- Lessen regional violence and promote diplomatic resolution of regional conflicts.
- Achieve Namibian independence.
- Enhance U.S. influence and reduce Soviet and Soviet-proxy influence in southern Africa.

Accomplishments:

- Despite recent backsliding by South Africa, a framework has been established for the reduction of cross-border violence in the region. The Nkomati Accord between Mozambique and South Africa, and the Lusaka Agreement between Angola and South Africa -- both reached with facilitative efforts by the U.S. -- provide the basis for contact among the parties aimed at lessening cross-border tension. Renewed efforts by all the parties are, of course, necessary to make the agreements work.
- Limited, and now apparently stalled progress has been made on Namibian independence, including all parties' commitment to U.N. Security Council Resolution 435 as the basis of settlement, and Angolan acceptance in principle of the need for Cuban troop withdrawal.
- On September 9, 1985, President Reagan issued Executive Order 12532, which formalizes the U.S. rejection of apartheid. As President Reagan stated, the Order "puts in place a set of measures designed and aimed against the machinery of apartheid without indiscriminately punishing the people who are victims of that system." Under the Order, U.S. loans and credits to apartheid-enforcing agencies of the South African Government are banned.

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Talking Points:

- On July 22, 1986, President Reagan delivered a major policy address on South Africa, urging the Pretoria government to end apartheid, and outlined components of progress toward a political settlement. These components included setting a timetable for the end of apartheid, releasing all political prisoners, unbanning black political movements, and releasing Nelson Mandela. The President warned that time is running out in South Africa, and that the government must act now to prevent further deterioration of the political and social climate.

- We remain convinced that our current U.S. policy offers the best opportunity for us to help foster racial and political justice, minimize bloodshed, and protect U.S. security interests throughout the region as a whole.

- The President has determined that our policy of active engagement in South Africa and the region is correct, and that we are to stay the course.

- President Reagan's Executive Order of September 9, 1985 underlines our abhorrence of apartheid and violence in South Africa. It puts into effect a series of measures structured to avoid economic damage to the region, while sending the appropriate signals. It targets apartheid and apartheid-enforcing agencies.

- Our diplomatic efforts to foster change are bolstered by an FY 1986 $33.5 million assistance program directed exclusively at the South African black community. It is aimed at furthering education and training, promoting human rights, and assisting the black private sector.

- We continue to work closely with the business community in encouraging adherence to the Sullivan Principles of fair employment practice, and these principles, (or more stringent ones), are applied to the South African employees of all U.S. Government agencies. Further, the Executive Order requires U.S. firms in South Africa employing at least 25 persons to implement these principles, or face loss of U.S. export assistance.

- The U.S. business community engaged in South Africa has formed a corporate council under GM's Roger Smith and Burroughs' Mike Blumenthal, which is designed to actively promote efforts to end apartheid and speed racial reform.

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AFRICA: SECURITY

Issue:

How can the United States respond most effectively to requests from friendly African states for help in resisting outside aggression, and promoting peaceful solutions to local conflicts?

Objectives:

- Increase security assistance on a selective basis to those countries under threat of external aggression.
- Promote the peaceful resolution of local and regional conflicts through diplomatic means.
- Attack the root causes of instability through economic development assistance, and promotion of local private sectors which create growth and jobs.
- Continue working for the withdrawal of all foreign forces from the southern African region as part of our multifaceted initiative to create a security framework under which all states of the region can live in peace.

Accomplishments:

- We have blunted the Soviet projection of power in Africa, and no sizeable new influx of Soviet or surrogate forces has occurred. ~~and Moscow has gained no new African allies since 1981. Mozambique and other~~ African governments allied with the Soviets in the 1970's have begun dialogues with us, and are ~~have begun~~ moving away from Soviet influence toward ~~genuine~~ greater non-alignment. Despite the sudden death of Mozambican Pres. Machel last October, the new leadership appears to favor his policy of improving relations with the West.
- We continue to act as a catalyst for peaceful resolution of local disputes. Although regional accords in southern Africa are subject to serious strains, we have facilitated an improvement in relations between Kenya and Somalia, and the maintenance of the March 1984 non-aggression pact between South African and Mozambique and the February 1984 Lusaka agreement providing for disengagement and withdrawal of South African forces from Angola.
- [illegible], a number of African governments have signalled the U.S. their displeasure with Marxist/socialist economic models, and their willingness to move toward more privately-oriented economies.

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- Timely U.S. security assistance and military air deployments helped counter Libyan agression in Chad in 1983, and again in 1986. U.S.-made equipment, such as C-130 transport aircraft permitted Zaire to quell rebel attacks in the eastern part of the country in late 1984. the defection of Libyan backed rebels in 1986 to the Chadian Government weakened Libya's position in the north and
- We have obtained agreement by all parties on implementation of the U.N. plan for Namibia, pending only Angolan agreement on Cuban troop withdrawal. We have established a reputation as an honest broker in our diplomatic work on this most difficult of Africa's problems. strengthened President Habre's position

Talking Points:

- The late 1970's saw Africa become increasingly exploited by the Soviet Union and its allies. Violence in southern Africa and the Horn of Africa was escalating, insurgencies were growing in eight African countries, and cross-border armed raids by opposition groups were occuring elsewhere on the continent. Feeding on these conflicts, the Soviet Union poured almost $5 billion in arms into Ethiopia, Angola, and Mozambique, and fielded almost 5,000 military "advisors" in Africa. Two Cuban expeditionary forces totaling almost 40,000 combat troops were garrisoned in Ethiopia and Angola. Libyan-sponsored subversion against neighboring African states was on the increase, and in 1980-81, a Libyan military force of 8,000 occupied Chad.

- Thanks in large part to U.S. policies and efforts in the area, the Soviets have added no new national converts in Africa since ~~1981~~ 1983, nor have they dispatched new surrogate troop contingents to Africa. Several African governments which were counted as Soviet allies in 1980 have moved closer to real non-alignment.

- U.S. military assistance to Africa has increased slightly from $94.7 million (FY 81 actual) to $111.5 million (FY 85 estimated). The bulk of the program has been converted to grant aid in recognition of the difficult economic situations of the recipients. We have maintained a 5:1 ratio of economic assistance to security assistance in Africa in recognition of the fundamental security role economic stability and progress plays. This ratio favors non-military assistance even more when emergency fund aid is taken into account.

- There has been a~~n significant~~ increase in dialogue among neighboring states in southern Africa. ~~Despite recent backsliding, this process has led,~~ With the U.S. acting as a catalyst, this process led to a non-agression pact between South Africa and Mozambique in March 1984, and a landmark force disengagement agreement between South Africa and Angola formalized in Lusaka in February 1984.

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- We have undertaken a special regional security initiative for southern Africa. Specific components include a complex diplomatic initiative to lead to an internationally recognized settlement of the Namibia problem and Namibian independence; support for regional economic development; withdrawal of foreign forces from the area; and support for peaceful progress in ending apartheid in South Africa.

- There is a growing dynamic pressure for change in South Africa, and the last few years have seen important, fundamental changes: institutionalization of black trade unions, legitimization of black residence in urban areas, the enfranchisement of coloreds and Asians, a major increase in expenditures for black education, and the beginning of black municipal and local self-government. We have played a quiet [redacted] part in encouraging and facilitating such constructive forces for peaceful, positive change.

- We are concerned about recent increased Soviet military assistance to Angola and the violence this fuels in Angola and the region. Our policy is to continue efforts to promote national reconciliation in Angola, and as a matter of principle, to support UNITA's efforts to resist Soviet designs in Angola.

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AFRICA: DEVELOPMENT

Issue:

What should the United States do to help the African countries most severely affected by economic crisis and famine, and how can we assist in coming to grips with their critical economic and developmental problems?

Objectives:

- Work with other nations and organizations to combat famine by providing food relief assistance and follow-on recovery and rehabilitation programs.
- Induce African governments to make serious and sustained substantial structural reforms which provide incentives to the indigenous private sector, so that broad-based, equitable growth can be attained.
- Persuade African governments that economic development goals can best be pursued through mechanisms and incentives which incorporate the principles of private enterprise and free trade.
- Support the IMF's successful use of Structural Adjustment Facility.

Accomplishments:

- We are providing over $540 million worth of food aid in regular and emergency programs this year.
- We remain the primary donor of humanitarian aid to African refugees.
- Our regular non-food economic assistance leveled off at $649 million this year, of which over half supported economic reform, particularly in agriculture.
- We are a member of the African Development Bank and support the African Development Fund.
- Both the African Policy Reform (AEPRP) Initiative and the Food for Progress program support efforts by African governments to make the transition from centrally-controlled economies, to ones based on freer markets and private initiative.
- Our AEPRP Program was a precursor and stimulated the creation of the IBRD's Special Facility for Africa, which we have now joined.

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- African leaders have learned from their bitter experience, and are now adopting economic policy changes which should lay a more solid basis for sustained economic growth.

- Major economic reforms have been successfully implemented in several African countries in the recent past. Ghana, Guinea, Madagascar, Zambia, and Senegal have shifted their priorities to emphasize their respective agricultural sectors.

- Zimbabwe and Malawi have undertaken successful, substantial pricing reforms, which resulted in national grain surpluses.

- At the OAU Heads of African State meeting in Addis Ababa in July of 1985, African leaders approved a program of action entitled "Africa's Priority Program for Economic Recovery, 1986-1990," (APPER). In this document, they pledged to take measures to strengthen incentive schemes, review public investment policies, discipline and efficiency in the use of resources, and encourage domestic resource mobilization.

- At the initiative of the OAU, a UN Special Session on the Critical Economic Situation in Africa was held May 27-June 1. At this Session, despite opposition from the non-African G-77 countries, the African states and the international community committed themselves in a "spirit of genuine and equal partnership" to a "United Nations Program of Action for African Economic Recovery and Development, 1986-90." The framework of that understanding required that the African states undertake necessary reform, encourage the private sector, and ensure the productive use of scarce resources. For its part, the international community agreed to improve its quality of external assistance, to make every effort to provide sufficient resources to support and supplement the African development effort, to shift the emphasis from project to program support, to increase the concessionality of development assistance, to improve donor coordination methods, and to urge the speedy replenishment of IDA.

- The U.S. government spearheaded a successful international control effort to eradicate the worst grasshopper/locust infestation to hit Africa in sixty years,

Talking Points:

- Virtually all 46 nations of Sub-Saharan Africa, with a combined population of over 400 million, continue to face an economic crisis of stark proportions. Per capita food production has fallen twenty percent in the last twenty years; six percent in the last ten years. For the poorest of the countries, per capita income has fallen over the last twenty years. Refugees number over two million. The recovery from the 1981 recession has yet to reach Africa.

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- While last year's rains broke the drought and related famine in most of Africa, recovery and rehabilitation will require years of effort, reform, and international assistance. Pockets of famine remain, requiring continued vigilance by all donors. Early warning systems are being devised which will allow us to detect at much earlier stages the decline into nutritional emergencies and famines and the corresponding increased need for emergency interventions.

- The economic crisis has many causes: drought, the flow-through effect of recession in the developed world, the impact of the 1979 oil price increase, and civil wars. But virtually all observers -- including the Africans themselves -- agree that a major cause has been government economic mismanagement. Many African governments have held too long to failed policies which stifle domestic production, with the chief among them being the rigid hewing to central planning and control precepts and practices.

- The unprecedented economic crisis in Africa threatens U.S. interests. Economic malaise breeds political instability that opens opportunities for Soviet, Cuban, and Libyan meddling.

- The African debt problem, though small compared to other areas, adds to the strain on the international financial system and thwarts African recovery and development. Unchecked crisis could lead to greater famine and civil strife. The U.S. is working with the IMF and the World Bank to ease Africa's debt situation and to stimulate economic growth.

- We remain committed to indigenous private sector development in Africa, and Western private investment and trade, as the long-term answer to the continent's development needs. We see agricultural self-reliance as the first order of economic recovery and development there. We fully support the international financial organizations in requiring structural reforms in return for renewed financial assistance.

- The efficiency and success of our efforts so far may be measured by the fact that nearly all the centrally-planned economies in Africa have undertaken positive change in the direction of providing incentives to the private sector.

- We view the UN Special Session on the Critical Economic Situation in Africa as a vindication of our policy thrust. At that Session, the Africans committed themselves to undertake major structural adjustment reforms, to provide increased emphasis to the agricultural sector, and to encourage private sector activity.

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CENTRAL AMERICA

Issue:

What should the United States do to eliminate Nicaraguan, Cuban, and Soviet subversion and military adventurism in the region and promote democratic and economic development efforts?

Objectives:

- Encourage consolidation of new democracies in Central America and cooperation among them to promote democratic values throughout the region, especially in Nicaragua.
- Improve the economic well-being of the free peoples of the area.
- Help friendly Central American countries to defend themselves against Nicaraguan, Cuban, and other outside-supported aggression and subversion.
- Support diplomatic efforts to achieve comprehensive, fully verifiable regional political solutions.

Accomplishments:

- The President has proposed, and the House of Representatives has approved a $100 million aid program to the Nicaraguan democratic resistance. This humanitarian and military aid is intended to help the Nicaraguan freedom fighters maintain pressure on the ~~communist~~ Sandinista regime to negotiate with it democratic opponents. \MARXIST
- The United States has worked diligently through regular and special diplomatic channels to pursue realistic solutions to Central America's problems. Our efforts have included several trips to the region by the President, Vice President, and Secretary of State, and the consecutive appointments of three Special Envoys to Central America. We have also consistently supported the goals of the peace-seeking process initiated by the Contadora countries (Mexico, Panama, Colombia, and Venezuela).
- The United States actively supported the recent elections in Guatemala, Honduras, and Costa Rica with technical and financial aid, Presidential election observer missions, and strong public statements. The Vice President's participation in all three inaugurations also was a concrete manifestation of our commitment to democracy.

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- The Administration took the lead in formulating a major, comprehensive regional assistance and development plan for the area in January 1984. Called the President's Central America Democracy, Peace, and Development Initiative, the program implements the January 1984 recommendations of the National Bipartisan Commission on Central America. We are continuing these efforts and are seeking to obtain the full amount of resources recommended by the Commission.

- Central America is a major recipient of U.S. financial and other economic assistance, which comprises 74 percent of all U.S. assistance to the region. We have worked closely with all of the governments to use these resources to implement comprehensive stabilization programs.

- Our defense assistance to El Salvador has been modest, ($669.4 million for FY 80-86), but crucial in helping that country turn the tide against the anti-democratic guerrilla insurgency. Democracy in El Salvador has continued to grow, and our defense assistance is vital in helping nourish it.

- U.S. military exercises in Honduras and provision of U.S. military training and assistance to Honduran forces have helped limit aggression by Nicaraguan forces, which number 120,000 troops -- including reserves and militia -- and which possesses much more sophisticated equipment than the Honduran border forces.

Talking Points:

- Nicaraguan, Cuban, and Soviet-assisted subversion and communist aggression have created a crisis in Central America, particularly within Nicaragua and in El Salvador. Should communist gains continue unchecked, we could face the threat, as the President has stated, that "100 million people from Panama to the open border on our South would come under the control of pro-Soviet regimes." We are countering this threat by helping those people to defend themselves.

- In addition to our modest military assistance to the region, our contribution in economic and developmental assistance is substantial. Through the President's Central America Democracy, Peace, and Development Initiative, our commitment to help the free peoples of the area in speeding their economic growth has already achieved considerable results.

- Our support for the democratic resistance in Nicaragua is crucial to the future of democracy in Central America. Nicaraguan freedom fighters provide the military pressure necessary to convince the ~~communist~~ MARXIST Sandinista regime to make democratic reforms and to negotiate seriously with its neighbors and its own opposition. The $100 million aid program proposed by the President and approved by the House of Representatives will provide this important support.

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- We have consistently supported the efforts of the Contadora countries (Mexico, Panama, Colombia, and Venezuela) to arrange a comprehensive, verifiable and peaceful solution to Central America's security problems. National reconciliation and democratization are key objectives of the Contadora negotiators, and are essential for any lasting peace.

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LATIN AMERICA/CARIBBEAN

Issue:

How can the United States most effectively assist Latin American and Caribbean democracy, economic improvement, and ability to resist outside aggression and subversion?

Objectives:

- Support democratic governments where they already exist and encourage the few non-democratic governments remaining to make the transition to democracy.
- Help improve the economic well-being of the free peoples of Latin America and the Caribbean.
- Encourage the adoption of sound market-led economic policies in order to establish the basis for long-term growth.
- Assist friendly, democratic governments and governments making the transition to democracy in the region to defend themselves against externally-supported communist subversion and aggression.
- Ensure that the historically close U.S.-Latin American relationship continues.
- Support democracy by encouraging respect for human rights and improvement in the administration of justice.
- Encourage regional cooperation among the democracies.

Accomplishments:

- We have provided consistent support and encouragement for democratic institution building: today 27 of 33 countries with over 90% of the Latin American population are democratic. Since November 1980, there have been over 45 free national elections in 27 countries, virtually all with very high voter participation, including El Salvador, Honduras, Guatemala, Brazil, Argentina, Colombia, Ecuador, the Dominican Republic, Barbados Grenada, Dominica, Costa Rica, and Peru. The Administration has provided tangible support for democratic labor unions and democratic institution-building through programs, such as the new National Endowment for Democracy proposed by President Reagan in 1982, and passed by the Congress in 1983.

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- We have been working with the area's public and private sectors and the International Monetary Fund to encourage involved parties to work effectively to resolve the $380 billion Latin American debt problem.

- We have also worked actively with our hemispheric neighbors to address a growing and pervasive threat: production and trafficking in illegal narcotics. Our efforts are beginning to show positive results. Recent successful actions by the Governments of Bolivia, Colombia, Ecuador, Peru, Jamaica, Mexico, and others in eradicating crops, disrupting shipments and destroying processing facilities show that the region is actively involved in the effort.

- Under the leadership of this Administration, U.S. economic assistance to the Latin America-Caribbean region has more than doubled. In addition to our major Central American development program, we devised and are implementing another innovative regional assistance and development plan, the Caribbean Basin Initiative, which offers participating countries increased access to the U.S. market for 12 years and can create many jobs and sources of income.

- Our most dramatic Caribbean accomplishment was to join, in October 1983, with the East Caribbean democracies at their request, to rescue their and our citizens in Grenada, remove the Soviet bloc/Cuban presence from Grenada, and facilitate the restoration of democratic institutions in that island nation. Since that time, the U.S. and other military forces have left, free elections were held, and Grenada has joined the Regional Security System that the U.S. is helping area nations to build.

- In South America, we have consistently supported democratic governments politically and economically, as they have worked to strengthen their institutions and generate economic growth. Our assistance has helped assure that no country that was democratic six years ago has lost its freedom.

- We are supporting an orderly transition to democracy in Chile through such means as endorsing reasonable proposals put forward by responsible civilian groups, and by urging its present military regime to accomodate popular demands for reinstitution of democratic processes.

- In Haiti, we are assisting the new government to deal with the country's urgent economic problems as it prepares for elections which will establish democratic government there for the first time.

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Talking Points:

- The United States is linked by history, proximity, and special ties of friendship with the 33 independent countries and 380 million people of Latin America and the Caribbean. Objectives of this Administration have been to encourage democracy, support economic improvement, use active diplomacy to solve disputes, and provide security assistance so that governments threatened by Soviet bloc, Cuban, and Nicaraguan subversion can defend themselves.

- For the region as a whole, a highly encouraging recent trend has been the return of several countries to democratic government -- today, 28 of 33 countries. These account for 90% of the area's population. The Administration has consistently encouraged the process of democratic institution-building in the area.

- Actions by the United States played a key role in ending the 28-year Duvalier family rule in Haiti. Although serious problems lie ahead, we are assisting the provisional government's transition to democracy.

- In addition to our modest military assistance to the region, our contribution in economic and developmental help has been substantial. Through the Caribbean Basin Initiative and the President's Central American Democracy, Peace, and Development Initiative, our commitment to help speed the process of economic growth in those areas will become even larger and, we believe, more effective.

- We are continuing to work with friendly governments in the region to help them cope with their severe debt problems.

- We are also working with friendly governments to bring drug traffickers to justice and destroy their production facilities and transport networks.

- In Grenada, the United States and the Caribbean democracies rescued a nation from Soviet bloc, and Cuban control, and internal repression and helped it return to a democratic course. Free elections were held there in December 1984, and the last troops from the U.S. and other regional countries helping Grenada to rebuild its own security forces were able to leave.

- In South America we are helping governments strengthen their democratic institutions and generate economic growth. The result -- no country that was democratic six years ago has lost its freedom.

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GLOBAL ISSUES

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INTERNATIONAL ECONOMICS

Issue:

What should the United States do to help sustain and extend world economic recovery; better coordinate international economic policy; help debtor nations help themselves; assist developing countries to realize substantial, lasting, economic growth, and promote free and fair trade?

Objectives:

- Formulate and implement ~~sensible~~ balanced economic policies at home aimed at promoting growth, holding down inflation, and reducing the federal budget deficit by controlling government spending.

- Develop a Free World consensus on policies designed to achieve enduring, non-inflationary economic recovery, financial stability and liberalized trade.

- Encourage an effective economic adjustment process for debtor nations, including sufficient private and public financing, selective reschedulings to ease the debt service burden on LDC's and create conditions for sustainable economic growth.

- Heighten Allied attention to the security dimensions of East-West economic relations, including the forging of common objectives in NATO, OECD, IEA and COCOM.

- Obtain global progress toward free trade, including reversing protectionist pressures here and abroad, eliminating unfair trade practices, and initiating a GATT round on reducing trade barriers.

Accomplishments:

- This Administration has succeeded in rebuilding a strong domestic economy which has led the world out of recession and into recovery: U.S. GNP has grown at a 4.1% average annual rate over the last three years; average consumer price inflation of 13.5% in 1980 was cut to 3.6% last year; almost 10 million new jobs have been created, which reinforces the economic policies espoused by President Reagan: market-oriented adjustment in the domestic and global economies.

- Our approach to LDC debt management has been successful in broad terms. We have averted threats to the integrity of the international financial system. Many LDC's have improved their external positions and rekindled economic growth. Successive Economic Summits have voiced support for this approach.

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Change to p. 49

Page 49. Change the first bullet under Accomplishments to read, "This Administration has succeeded in rebuilding a strong domestic economy that has led the world out of recession and into recovery: U.S. GNP has grown at a 3.9 percent average annual rate over the last three years; average consumer price inflation of 13.5 percent in 1980 was cut to 2.0 percent this year.

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- The Program for Sustained Growth, proposed by Secretary Baker in Seoul in October 1985, builds on this approach. The Program is already showing results in terms of economic policy reforms in various LDC's and new, higher-quality World Bank lending.

- Administration leadership on the trade agenda has included: Presidential statements warning of veto action against protectionist legislation; self-initiation of several Section 301 cases against the unfair trade practices of foreign governments; and our participation in the September 1985 meeting of Allied finance ministers, in which a substantial realignment of exchange rates occurred, better reflecting fundamental economic conditions.

- The U.S. has been leading the effort to open a new round of trade negotiations in the GATT; agenda would include such issues as services, agriculture, intellectual property rights, and a comprehensive new round of multilateral negotiations.

- Substantial progress has been made in domestic and international energy emergency preparedness through the accelerated buildup of the U.S. Strategic Petroleum Reserve (SPR), and an agreement among IEA members for early use of petroleum stocks and demand restraint to avoid unnecessary volatility in the spot market.

- Falling oil prices, which owe much to the President's decision to decontrol U.S. oil prices, and to the cooperative energy policies pursued by the industrial countries over the past decade, will result in large net economic benefits in growth, employment and inflation.

- An historic Allied consensus on East-West economic relations has been achieved which has led to: elimination of preferential credit terms for the USSR; reduction of the risk of Western European dependence on Soviet energy resources; and strengthened measures in COCOM to reduce Soviet access to strategically important Western technology.

Talking Points:

- The President inherited a fractious and deteriorating international economic order characterized by record inflation, high unemployment and severe recession.

- From the outset, the President emphasized the importance of sensible, market-oriented economic policies. These policies were designed to promote non-inflationary growth and stem the tide of visionary leadership in advancing a common Allied approach to key economic, trade, financial and security objectives through bilateral discussions in Washington and abroad, annual Economic Summit meetings, and multilateral organizations such as OECD, IEA, NATO and COCOM.

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Changes to p. 50

Change the third bullet to read as follows: "In September 1986, the U.S. successfully led the effort to launch a new round of multilateral trade negotiations in the GATT; agenda included such issues as services, agriculture, intellectual property rights, and a comprehensive new round of multilateral negotiations.

Change the second bullet to read as follows: "Administration leadership on the trade agenda has included: Presidential vetoes against protectionist legislation, as well as warnings of veto actions against proposed legislation; self-initiation of several Section 301 cases against the unfair trade practices of foreign governments; and our participation in the September 1985 meeting of Allied finance ministers, in which a substantial realignment of exchange rates occurred; thus, better affecting trade balances and better reflecting fundamental economic conditions."

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- The President first put forward his economic policies at the Ottawa Economic Summit in 1981. By the time President Reagan hosted the Williamsburg Summit two years later, it was clear that his policies were moving the U.S. and the Free World down the path to full economic recovery. Under the President's leadership, the Summit leaders agreed to coordinate policies to promote sustainable, non-inflationary growth, and to forge a consensus on the security dimensions of East-West economic relations which had proved elusive in the past.

- Later Summits reemphasized the importance of pursuing non-inflationary, growth-stimulating fiscal and monetary policies, free and fair trade, and comprehensive, growth-oriented strategies for managing the debt problem.

- At the 1986 Tokyo Summit, the participants noted the need to maintain appropriate medium-term fiscal and monetary policies, but also stressed the need to implement effective structural adjustment policies across the whole range of economic activities to promote long-term growth, employment, and the integration of domestic economies into the world economy. They also agreed to consider additional measures to further strengthen procedures for effective coordination of international economic policy.

- Working with our NATO Allies and Japan, we have made major gains in correcting past imbalances between the advantages of trading with the USSR, and our common security requirements. We have reached agreement with the Allies on eliminating preferential credit terms to the USSR and reducing the substantial risk of West European dependence on Soviet energy. In cooperation with the COCOM countries, we have met head-on the challenge of stopping the flow of Western military technology to the USSR through the upgrading of the COCOM review process, the harmonization and tightening of national licensing and enforcement procedures, and the monitoring of the potential military application of emerging technologies.

- The President has taken significant steps to ensure that we can manage the impact of any temporary energy disruption. Our Strategic Petroleum Reserve (SPR) continues to grow, and IEA member countries have agreed to coordinate the use of their stocks in an energy emergency.

- Our case-by-case approach to managing LDC external debt and other economic problems has been successful in averting threats to the international financial system, more reliance on private investment, and closer cooperation between the World Bank and IMF.

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- The Program for Sustained Growth, first proposed by Secretary Baker at Seoul in October 1985, and endorsed during the Tokyo Economic Summit, strengthens this approach. It encourages LDC's to adopt comprehensive, growth-oriented macroeconomic and structural adjustment policies. It also calls upon the international community to support and encourage such economic reforms by providing new net private and official lending. We are already seeing an increase in World Bank lending tied to policy reform.

- The President has initiated a major effort to meet the urgent problem of world hunger by providing help to build a new infrastructure where needed, and by taking other steps to speed up the impact of relief measures.

- Through the leadership of President Reagan in the Summit process, the Allies have dedicated themselves to the expansion of international trade by the reduction of trade barriers.

- The Administration is conducting a vigorous trade policy based on four principles: free trade and fair trade are in the best interest of the citizens of the U.S.; the U.S. plays a critical role in ensuring and promoting an open trading system; our trading partners have an important stake in efforts to improve the trading system which has benefited us all; and the U.S. will fight unfair trade practices.

- Stemming the tide of protectionist actions is of paramount importance. Rising protectionism threatens the effectiveness of the multilateral trading system, fosters retaliatory measures which will reduce global growth and welfare, and stymies LDC efforts to service their debts with increased export earnings.

- The improvement in the world economy and Allied agreement to resist protectionist trade policies have begun to restore economic and financial stability to a number of Third World countries. We are encouraging the developing country debtors to help themselves by adopting economic adjustment policies, which promote private sector financing and investment.

- The President has given new emphasis to U.S. economic ties with the economically dynamic nations of the Pacific Basin. The result has been significant improvement in our bilateral relations with China, South Korea and other countries of this vital region.

- In our own hemisphere, the Caribbean Basin Initiative and the Central American Peace Initiative have helped open up markets for the exports of our closest neighbors. Our efforts to help Grenada rebuild its economy, and our active support of U.S. private sector initiatives to expand Grenadian investment and trading potential are demonstrating the benefits of a return to democracy.

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INTERNATIONAL ENERGY

Issue:

How can the United States best guarantee a reliable and adequate supply of the energy resources needed for national and international security and economic well-being?

Objectives:

- Reduce government intervention in the energy sector, and in energy trade through deregulation and increased reliance on market mechanisms.
- Improve the energy security of the U.S. and its Allies by action to reduce both the probability of future disruptions and the impact such supply interruptions might have on our economies.
- Urge Allies to hold adequate strategic oil stocks and be prepared to participate in an early coordinated stock draw in the event of an oil supply disruption.
- Promote free energy markets in response to lower oil prices.
- Urge key Allies to diversify their energy resources, so that they are not dependent on single supplier nations, particularly in the case of gas imports from the Soviet Union.
- Promote a balanced and mixed energy resource system that avoids undue dependence on any single energy source.

Accomplishments:

- The Administration's decision to deregulate oil prices has stimulated domestic production and reduced oil imports to less than 30 percent of oil needs in 1985.
- The partial decontrol of natural gas prices on January 1, 1985 has helped maintain gas production without causing a price increase. More than one-half of U.S. gas production is now sold at market prices.
- The Strategic Petroleum Reserve contains 500 million barrels of oil, the equivalent of 110 days of net oil imports.
- The U.S. has led initiatives within the International Energy Agency (IEA) to limit Western European reliance in Soviet natural gas, including Ministerial decisions in 1983 and 1985 to avoid undue dependence on any one source of gas imports, and to emphasize indigenous OECD sources.

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Changes to p. 53

Page 53: Change the first bullet under Accomplishments to read "The Administration's decision to deregulate oil prices has stimulated domestic production and reduced oil imports to less than one-third of oil needs in 1986."

Change the third bullet under Accomplishments to read, "The Strategic Petroleum Reserve contained 510 million barrels a year in 1986, equivalent to 98 days of net oil imports."

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- In June 1986, Norway announced the conclusion of a contract for the development of the Troll and Sleipner gas fields, thereby limiting the prospects of increased Soviet gas sales for the foreseeable future.

- President Reagan and Prime Minister Nakasone agreed in November 1983 to a program to increase energy trade between the United States and Japan. Over the long run, this effort can create thousands of new jobs for Americans and greater efficiency for both our nations.

- In March 1985, President Reagan and Prime Minister Mulroney of Canada signed the Quebec Summit Declaration, directing both governments to take steps to strengthen a market approach to energy trade by reducing regulatory barriers and extending open access to each other's energy markets. Volume and price controls were subsequently removed on crude oil trade, and both governments are actively working to deregulate their natural gas sectors. Thanks to cooperative efforts, U.S.-Canadian bilateral energy trade is now characterized by higher volumes, less regulation, and lower prices.

- Ministers at the July 1985 IEA Ministerial agreed to "pursue expeditiously a common approach whereby they would maintain or create conditions such that imported refined products could go to the markets of different IEA countries and regions on the basis of supply and demand as determined by market forces without distortions." As a consequence of this agreement, Japan began to import gasoline and other light petroleum products in 1986.

- In response to a steady loss in market share, the OPEC cartel in late 1985 gave up its goal of trying to maintain oil prices at artificially high levels, and moved toward a more market-oriented approach, which resulted in a significant, and beneficial, drop in world oil prices.

Talking Points:

- U.S. Administrations since the 1973-74 oil embargo had seen energy supply as a constraint on economic systems. The present Administration sees energy supply as an opportunity to promote economic growth and prosperity.

- Action to deregulate oil and gas prices has encouraged domestic production and conservation, and the increased use of coal and nuclear energy have reduced oil consumption. As a result, U.S. net oil imports declined to 4.4 million barrels per day in 1985, or less than 30% of our total oil consumption.

- With the maintenance of oil and gas production as well as nuclear power, we now produce about 87 percent of the energy we use.

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- We have urged our Allies in Europe and the Pacific to consider buying more U.S. coal, thereby reducing their dependency on more uncertain supplies of energy. Prime Minister Nakasone and President Reagan have endorsed increased energy trade between the United States and Japan, which can mean jobs for citizens and greater security for both nations.

- In addition, we have led a process in the IEA to improve cooperation in more efficient use and supply of energy, and in special arrangements for emergency sharing among key industrialized countries, to ensure that we can minimize the effects of any future oil shortage. We will continue to press for improvements in the IEA emergency preparedness system.

- The SPR would be our first line of defense in an oil supply disruption, and we are committed to its early use in large quantities in coordination with other IEA members, whom we expect to take complementary actions.

- IEA members at the May 1983 Ministerial agreed that member countries should avoid undue dependence on any one source of gas imports, and obtain future gas supplies from secure sources, with emphasis on indigenous OECD sources. This emphasis on natural gas security was reaffirmed at the July 1985 IEA Ministerial and contributed to the 1986 agreement to develop the Norwegian Troll and Sleipner gas fields.

- As a result of cooperative efforts between the United States and Canada to reduce regulatory barriers and extend open access to bilateral energy trade, the value of two-way trade in energy products in 1985 was over $15 billion -- higher than our total bilateral trade with most countries of the world.

- At the July 1985 IEA Ministerial, member states agreed to pursue a common approach to maintain or create conditions so that refined products go to markets on the basis of supply and demand as determined by market forces, without distortions.

- At the April 1986 IEA Governing Board, member governments reaffirmed the validity of existing energy policies despite falling oil prices. The Governing Board also stressed the importance of maintaining adequate stock levels, and noted that the current oil market situation affords an advantageous opportunity to increase stock levels.

- The U.S. is working actively in the IEA to encourage adherence to the spirit as well as the letter of the stockholding obligation. We are urging all members to maintain government-controlled stocks equal to 90 days of imports.

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TECHNOLOGY SECURITY

Issue:

How can the United States and its Allies resolve their own disparate views and devise a comprehensive means of preventing the Soviet Union and their allies from acquiring sensitive technology?

Objectives:

- Reach agreement with our Allies and other friendly nations on the nature of the threat posed by the uncontrolled transfer of militarily significant technologies to the Warsaw Pact.
- Introduce new countermeasures and constraints on a multilateral basis, whenever possible, to impede, if not prevent such losses.
- Continue to improve our intelligence on technology transfer matters.
- Curb the loss of militarily-sensitive technology, without slowing down the development of new technologies in the West, and without bringing undue hardship to U.S. and Allied economic interests.

Accomplishments:

- The Reagan Administration is the first to fully recognize the security risk posed by technology transfer, and has taken many steps toward stemming the flow of militarily sensitive know-how and hardware to the Soviet bloc.
- Domestic U.S. procedures in both intelligence-gathering and export control have been strengthened and made more effective.
- Through a government-wide outreach plan, U.S. industry has been made more aware of the threat, and has been encouraged to institute its own technology security measures.
- Under U.S. initiatives, COCOM procedures have been made more effective, and the list of multilaterally controlled items has been brought up to date.
- Bilateral arrangements are in place, or being negotiated with a number of non-COCOM countries for the protection of U.S. and indigenous technologies.

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- The effectiveness of our technology security program has increased dramatically. The results are being seen in court cases and convictions for diversion and espionage.

- Both U.S. Customs and the Commerce Department have significantly increased their enforcement work, and since 1980, technology security has become an area of priority in our intelligence effort. Good relationships with Customs' counterparts abroad have resulted in the foiling of large number of diversion attempts.

- The security services of our Allies have uncovered and had expelled many Soviet bintelligence collectors of militarily sensitive technology, a result partially attributable to U.S. efforts to highlight this issue. Also, the U.S. has closed down many means previously used by the Soviets to acquire technical information.

Talking Points:

- The Soviets and their Warsaw Pact Allies, using espionage as well as legal and illegal trade channels, have sustained a large-scale effort for some time to obtain Western technical information and hardware to improve their weapons and their military's supporting industrial base. The Soviets are well behind the U.S. in many technologies having military use -- computers and microprocessor technology -- and thus require Western, and especially U.S., information to meet weapons requirements.

- Europe and Japan are, like ourselves, innovative and scientifically advanced. Our Allies have a vested common concern in stemming technology loss, as this loss leads to higher defense budgets for all, while concurrently weakening deterrence. On the other hand, each ally has its own view of its economic relationship with bloc countries; there is, therefore, a tension of competing interests among our Allies over economic gain versus the provision of technology to the bloc. At issue is how to resolve these disparate views.

- Despite progress, a problem so complex as the loss of technology cannot quickly be remedied. The Soviets are very skilled in their collection techniques. Acquisition of technical information has been a long-standing campaign, with numerous avenues of collection. Awareness of Soviet methods and their effects is the cornerstone of our response to their campaign.

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- The U.S. is an open society with a heritage of free expression. This freedom of expression is exploited by the Soviets in their collection program; the U.S. Government must ensure proper protection of militarily sensitive information, while not impeding the rights and traditions of free expression.

- The effort to slow or stop the loss of strategic technology must be a persistent, long-term undertaking. It is essential both for ourselves and our Allies that the threat continue to be highlighted and exposed for the danger that it poses, and that unilateral, bilateral, and multilateral countermeasures be kept in place and supported by the highest levels in the Administration. A great deal of progress has been made, and this progress must be sustained and enhanced by organizational, legal, and technical means.

- At the same time that we have been working to slow or stop technology losses, we have been working to reduce the delays imposed on the private sector when export licenses are reviewed as part of our control efforts. This has won the increased support of U.S. industry for the Government-wide technology security program.

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TERRORISM

Issue:

How can the United States improve its ability to deter, protect against, and respond to terrorist attacks?

Objectives:

- Improve international cooperation to detect, deter, and combat terrorism bilaterally with allies, and multilaterally in groupings of like-minded states and other international fora.
- Enhance operational capabilities and inter-governmental coordinating mechanisms to prevent and respond to terrorist attacks.
- Continue refinement of legal instruments and agreements to counter terrorism, including steps for the extradition and prosecution of persons involved in terrorism.

Accomplishments:

- The Tokyo Economic Summit in May promulgated an important statement condemning international terrorism and pledging maximum Allied cooperation to combat it.
- The United States responded militarily to Libyan-sponsored terrorism by striking terrorist-related targets in Libya after the West Berlin disco bombing, and reports of other ongoing Libyan-directed terrorist acts.
- The EC and the Summit Nations agreed to ban arms shipments to Libya, and to discourage their nationals from filling in behind the American firms and workers who left Libya.
- The Tokyo Summit also accepted the American-originated proposals for restricting Libyan diplomat missions and tightening up visa requirements.
- Western European countries expelled more than 100 Libyan "diplomats" and "businessmen" since the bombing of the Berlin disco in April, and the subsequent U.S. military operations against Libya, throwing off balance the Libyan terrorist network.
- Many potential terrorist attacks on U.S. citizens or facilities abroad were identified and thwarted by the end of 1986 ~~1985~~ by improved intelligence and stronger security and cooperation with other governments.

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Review Update of NSC's "Selected National Security Issues" Book of July 1986.

Additions:

Accomplishments:

° The UK broke diplomatic relations with Syria because of their involvement in the attempted bombing of an EL AL airliner at London's Heathrow airport. At British request, members of the EC (excluding Greece) halted new arms sales to Syria, suspended high-level diplomatic contacts with Damascus and made unilateral demarches against Syrian support for terrorism.

° West Germany, in protest of Syrian complicity in the bombing of the German-Arab Friendship Union in West Berlin in March 1986, asked three Syrian diplomats to leave, and postponed sending a new Ambassador to Damascus.

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- Quick and decisive action to intercept the Egyptian airliner carrying the Achille Lauro hijackers resulted in their capture and trial. The hijackers have been convicted and sentenced to prison by Italian courts.

- Some 2700 officials from 33 countries have been brought to the United States for specialized counter-terrorism training under the Anti-Terrorism Assistance Program.

- U.S. initiatives and/or support at the U.N. obtained passage of a Security Council resolution condemning the taking of hostages; Security Council Presidential statements condemning specific attacks, and a broad U.S. General Assembly resolution condemning terrorism as a criminal act.

- At U.S. initiative, two U.N. specialized agencies, the International Civil Aviation Organization (ICAO), and the International Maritime Organization (IMO), are drafting improved security guidelines.

- The Public Diplomacy Working Group established under the joint sponsorship of the IG/T and the International Information Committee, has helped coordinate public affairs activities related to Libya, including "white papers" and media appearances.

- A major program to enhance the physical and operational security at diplomatic posts abroad has been initiated; a follow-up to implement the program is being acted on by Congress this year.

- A protocol to the U.K. extradition treaty which narrows the political offense exceptions has been ratified by the Senate. Similar treaty modifications are being negotiated with other countries.

- As authorized under 1984 legislation, rewards of up to $250,000 have been offered for Abu Abbas for the Achille Lauro hijacking, the TWA 847 and Kuwait 221 hijackings, and the murders of six Americans in El Salvador.

- We have established a system of coordinated threat alerts from all members of the U.S. intelligence community to provide more timely and accurate information on terrorist threats to our overseas missions, reducing the problem of duplicate warnings and reporting.

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- Implementation has begun of a number of important anti-terrorism provisions in the Foreign Aid Authorization bill for 1986 and 1987, which Congress passed and the President signed into law in August of 1984. These provide for additional sanctions against countries supporting terrorism or maintaining unsafe airports and authorize additional funds for the ATA program and research and development on equipment to detect explosives.

Talking Points:

- Terrorism is a worldwide phenomenon which is becoming increasingly frequent, indiscriminate, and state-supported. Terrorism is likely to be a prominent factor on the international political landscape for the rest of the century. It directly attacks our democratic values and interests and our diplomatic efforts for peaceful solutions to conflict.

- The nature of the international terrorist threat is evolving. Recent developments include the rise of state-supported terrorism through the use of surrogates.

- The number of terrorist attacks has been increasing. There were more than 800 terrorist incidents last year, compared with an annual average of about 500 in previous years. During recent months, we have seen the bombing of TWA 840 and a discotheque in West Berlin. However, the raid on Libya has sent an unmistakable signal to terrorists and sponsors of terrorism that the U.S. will not stand idly by in the face of attacks or threats against Americans.

- Terrorist attacks are likely to become increasingly violent -- the number of casualties and fatalities generally has grown with the number of incidents.

- A broader spectrum of citizens is likely to fall victim to terrorism, as exemplified in the Rome and Vienna airport attacks in December 1985.

- This is not solely an American problem; terrorism has been directed against a broad range of countries. Nonetheless, the U.S. is a prime target of terrorist acts overseas due to our extensive official and commercial global presence. Our citizens and facilities are readily accessible, our democracy and freedoms are directly opposed to the interests of many terrorist groups.

- U.S. policy on terrorism is unequivocable: we will make no concessions to terrorists. We will pay no ransoms, nor will we permit releases of prisoners or agree to other acts which might encourage additional terrorism. We will make no changes in U.S. policy because of terrorists' threats or acts. In countering terrorism, we are prepared to act unilaterally or in conjunction with other nations in a wide range of options appropriate to the situation at hand.

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Bullets #3 + 4

P. 61

Replace: Talking Points

Combine #3 and 4.

The number of terrorist attacks has been increasing. There were almost 800 international terrorist incidents in 1985 and the same high level has carried on in 1986. During recent months we have seen the hijacking of a Pan American airliner in Karachi and the bombing of a synagogue in Turkey. Terrorist attacks such as these are becoming increasingly violent--the number of casualties and fatalities generally has grown with the number of incidents.

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- The preemption of terrorist attacks on American targets in France and Turkey, and the decisive action against Libya after their sponsorship of the terrorist bombing of the West Berlin discotheque, demonstrated the increasing effectiveness of the current U.S. policy on terrorism.

- The Department of State is assigned the lead interagency role in combatting terrorism outside the United States. The State Department's Office for Counter-Terrorism deals with the problems of international terrorism on two levels: in its coordinating role within the Department of State, and in its similar role as head of the Interdepartmental Group on Terrorism.

- In February, the Vice President's Task Force on Combatting Terrorism published its public report endorsing U.S. policy against terrorism and recommending additional measures to improve the national program. A Presidential directive was signed to implement all of the recommendations.

- Efforts to counter international terrorism include a major effort within the U.S. Government and with friendly governments to improve our intelligence on the identity, objectives, plans, capabilities, and locations of terrorist organizations. We have increased efforts to inform the public, both here and abroad, about the international terrorist threat, and the need to be alert in helping to combat it.

- Additional unilateral efforts to counter terrorism include continuing to improvements to the security of U.S. installations overseas, stepped-up training for U.S employees, and improvements in the collection, analysis, and dissemination of intelligence information. Laws passed in recent years, such as the International Security and Development Cooperation Act of 1985, (which provides for the Anti-Terrorism Assistance Program, the Air Marshall program, and Foreign Airport Security procedures), have also strengthened the anti-terrorism effort.

- Multilateral steps include the Tokyo Summit declaration against terrorism; U.N. conventions against attacks on diplomats and the taking of hostages, and the Summit Seven's Bonn Declaration, which provides for concentrated action against states that fail to take appropriate legal action against hijackers.

- International cooperation in countering terrorism is imperative. We cannot succeed alone when the threat originates, and is carried out abroad where other governments have the principal responsibility for security and law enforcement.

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- We continue to encourage other countries to take an active stand -- through diplomatic, legal, and economic means -- against terrorism. They are, after all, frequently as much the victims of such attacks as we: citizens or installations of ~~90~~ countries were hit by terrorist attacks in 1985.6

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NARCOTICS

Issue:

How can the United States reduce the flow of illicit narcotics from foreign drug-producing and transit countries?

Objectives:

- Increase the awareness of our young people and others of the dangers of drug use.
- Continue to promote and fund crop eradication and interdiction operations in source countries.
- Promote and improve international and regional cooperation in combatting drug trafficking.
- Enhance the enforcement and operational capabilities of drug law enforcement agencies to counter the growing sophistication of the drug industry.

Accomplishments:

- Successful crop eradication programs have been carried out in several producing countries, and aerial surveys -- a necessary first step toward future eradication programs -- have been completed in others.
- Carefully targeted and U.S.-supported interdiction operations in Latin America have resulted in unprecedented seizures of cocaine and destruction of processing laboratories.
- President Reagan signed a National Security Decision Directive (NSDD), announced by Vice President Bush in June, 1986, which states that the narcotics issue is a threat to our national security, and which recommends greater involvement of our Defense Department in battling the flow of narcotics into the United States.
- The President's establishment of the National Narcotics Border Interdiction System has greatly improved the collection, assessment, and sharing of narcotics information, and has resulted in improved interdiction operations in the Caribbean.

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- The Congress significantly strengthened U.S. narcotics enforcement efforts when it enacted the Comprehensive Crime Control Act. Among its important drug-related provisions, the law establishes a Cabinet-level board to develop Government-wide drug enforcement programs and coordinate the efforts of the various Federal agencies; increases the penalties for drug offenses to include up to 20 years of imprisonment and fines of $250,000 for offenses involving even small amounts of heroin, cocaine, and certain hallucinogens; revises criminal and civil forfeiture laws to permit forfeiture in all felony drug cases and allows the Government to seize more property; and strengthens the Government's efforts to detect and deter drug money-laundering.

- Two First Ladies' Conferences here on drug abuse in April and October 1985 have helped to raise awareness of the growing internationalization of the drug trade, and have resulted in many first ladies becoming actively involved in promoting drug control and awareness in their own countries.

- A number of countries have become actively involved in the United Nations effort to call attention to the global dimensions of the drug abuse and trafficking issue; a World Conference on Narcotics has been scheduled for June, 1987 in Vienna.

- Narcotics activities across national borders are stimulating bilateral and regional cooperation against it. Several Latin American countries have already dealt setbacks to growers and traffickers by staging joint operations against them.

- Cooperation on drug trafficking was an item which was discussed and agreed upon at the Economic Summit in Tokyo this year.

> Add the attached bullet.

Talking Points:

- Despite more successful U.S. and foreign drug interdiction efforts, the amount of drugs entering the United States continues to rise. The criminal trafficking organizations behind this increase are using the wealth acquired through narcotics to subvert drug control and economic, political, and security institutions in many countries.

- Drug crop production is expanding in several countries and is spreading to others not equipped to halt it. Growers are developing more scientific techniques and obtaining higher yields than ever before.

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On page 65 in the Narcotics Accomplishments section, please add the following bullet, "A conference hosted by President Reagan of Ambassadors from key drug producing areas resulted in a comprehensive set of recommendations for enhancing international narcotics control programs."

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- Several countries have initiated successful crop control and eradication programs that have substantially reduced harvests. In some cases, these gains have been offset by resurgent narcotics activities in countries whose once-successful control programs were subverted by graft, violence, and other countermeasures, and in countries whose governments have little or no control over the countryside.

- The immense profits realized by the drug trade have prompted criminal trafficking organizations to resort to violence to protect their industry. These organizations strike at U.S. and foreign symbols of law and order at all levels to intimidate governments and thwart control programs.

- Governments also face threats to their security from terrorist and insurgent involvement in drug trafficking. These groups use narcotics as a lucrative and usually non-traceable method of obtaining funds to further their anti-government goals.

- Rising drug abuse has now affected many Western and other consuming countries, prompting them to seek international solutions. Although an effective and coordinated worldwide strategy is still several years away, the increased attention devoted to the narcotics issue has already led to tougher laws and more effective enforcement in many countries.

- Two First Ladies' Conferences on drug abuse hosted by Mrs. Reagan during 1985 helped to raise awareness at home and abroad of the growing internationalization of the drug trade, and the dangers it poses to the world's young people. Mrs. Reagan also travelled to Southeast Asia in late 1985, focusing attention on the international parents movement which has expanded dramatically during the past few years.

- Effective drug control will require patience and a long-term commitment, and its goals will sometimes be affected by competing foreign policy objectives. Because those who traffic in drugs are so adept at exploiting weaknesses and vulnerabilities, gains in one country will frequently be offset by setbacks in others. Unless we persevere despite the inevitable setbacks, the international drug trade will have the potential to undermine our society, and that of other friendly governments.

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DEFENSE/ARMS CONTROL

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ARMS CONTROL

Issue:

The United States is seeking to negotiate meaningful, effectively verifiable arms control agreements with the Soviet Union that reduce the arsenals and risks of war and enhance U.S. security.

Objectives:

- Reduce the risks of war between East and West, particularly nuclear war, while maintaining our freedom and that of our Allies.
- Negotiate arms reduction agreements which, in the President's words, provide for "deep cuts, no first-strike advantages, defensive research -- because defense is much safer than offense -- and no cheating."
- Ensure that arms control remains an integral component of a comprehensive, coherent security policy that includes the maintenance of credible deterrent forces.
- Promote compliance with existing arms control accords.
- Ensure that the panoply of arms control efforts deals with the relationship between strategic offensive and defensive systems.
- Support expanded membership in the Non-Proliferation Treaty and seek to prevent the spread of nuclear explosives to additional countries.

Accomplishments:

This Administration has the most far-reaching arms control agenda in U.S. history. Arms control issues were extensively discussed when President Reagan met with General Secretary Gorbachev in Geneva in November 1985.

Even though our two nations still profoundly disagree over the relationship between strategic offense and defense, we made progress at the Geneva Summit on many arms control issues. Both sides agreed in principle on 50 percent reductions in U.S. and Soviet nuclear weapons, on accelerating our work at the Geneva Nuclear and Space Arms Talks, and on seeking an interim agreement on limiting Intermediate Range Nuclear Force (INF) missile systems. We also agreed in principle on the need for progress in other arms control-related areas, as explained below.

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When the U.S. and the Soviet Union agreed in January 1985 to resume arms reduction negotiations at Geneva, the Administration developed a three-phased strategic concept as the heart of its approach to the Nuclear and Space Arms Talks: (1) near-term significant reductions in nuclear arms and the stabilization of the offense-defense relationship; (2) a period of transition to a more stable world, with a reduced reliance on nuclear arms and greater reliance on non-nuclear defenses against nuclear arms; and (3) the eventual complete elimination of nuclear arms.

START: The highest U.S. priority stemming from this long-term goal remains to strengthen stability through substantial, equitable, and verifiable reductions in strategic forces below the levels set in SALT II, focusing on the most destabilizing elements (the ballistic missiles and their warheads). The U.S. position, which builds on the approach of the Soviets calling for 50% reductions, calls for 4500 ballistic missile warheads of which no more than 3000 would be on ICBMs, a 50% reduction in ballistic missile throw-weight, and limits on ALCMs to 1200. The U.S. is also prepared to accept limits of 1250-1450 on ballistic missiles, and 350 heavy bombers. U.S. proposals reflect carefully considered objectives for a stable relationship with the Soviet Union, and U.S. negotiators keep these objectives in mind in evaluating any Soviet counter-proposals. U.S. negotiators have unprecedented flexibility to explore alternative methods of reduction, to explore tradeoffs which would not dictate Soviet or U.S. force structure, and to discuss Soviet proposals in areas where differences exist.

INF: We proposed far-reaching arms control accords in the negotiations on Intermediate-Range Nuclear Forces prior to the Soviet walkout in November 1983, and reiterated those proposals when INF talks resumed in March 1985. We further made a major proposal in November 1985, for an interim agreement reducing LRINF missiles approximately 50% and another in February 1986, to eliminate LRINF missiles world-wide in three phases by the end of 1989. There are now ~~nearly 600~~ Soviet longer-range INF missiles (LRINF) -- including 441 SS-20 missiles, each equipped with three highly accurate warheads. As of December 1985, the United States had deployed 236 of the 572 Pershing II and ground launched cruise missiles envisioned in the 1979 dual-track decision. We have continued at Geneva to seek an effectively verifiable agreement on the elimination of all LRINF missiles, or the reduction to the lowest possible equal global levels of warheads. We are also prepared to explore different approaches leading to a zero-global ceiling and to consider serious Soviet proposals that meet U.S. and Allied security concerns.

over 550

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Defense and Space: In the Defense and Space negotiations, we are examining ways to strengthen deterrence by moving away from sole reliance on the threat of nuclear retaliation, and toward greater reliance on defenses which will threaten no one. We also have been discussing our view of the offense-defense relationship, Soviet actions which are eroding the ABM Treaty, and Soviet non-compliance with this and other existing agreements with respect to both offensive and defensive forces. We will continue to press for Soviet compliance and corrective action in cases where there is non-compliance. While some issues posed by SDI are for the future, we are nonetheless prepared now to discuss defense and space arms and the broader question of strategic defense, including existing Soviet defenses and systems based in space, as well as systems based on earth which can reach space. We have proposed, as a confidence-building measure, reciprocal site visits by U.S. and Soviet governmental experts to facilities in both countries where strategic defense research is being conducted.

MBFR: In December 1985, the West proposed a major new initiative designed to break the 13-year deadlock at the Mutual and Balanced Force Reduction Talks (MBFR) in Vienna. In drafting the proposal, the West accepted portions of the East's February 1985 proposal. In particular, we proposed to proceed directly to a first-phase reduction of 5,000 U.S. and 11,500 Soviet troops from Central Europe without prior agreement on data, which the East had claimed was the primary obstacle to an agreement. The West also proposed a three-year, no-increase commitment for the remaining forces of each alliance. Thirty annual inspections (of which 5 could be by air and 25 on the ground), would be allowed to verify that the terms of the agreement were being complied with. So far, the east has not responded adequately to the western proposal. In April, Secretary General Gorbachev proposed a new conventional arms control zone stretching from "the Atlantic to the Urals," a principle repeated on June 11, 1986, in the "Budapest Appeal" following a Warsaw Pact summit meeting. The MBFR talks will resume in January, 1987.

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CDE: (At the 35-nation conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE) that opened in Stockholm in January 1984, the U.S. and other Western Nations proposed a package of concrete measures that would make military activities in Europe more open and would make it more difficult to launch a surprise attack or intimidate others by using military force. In June 1984, the President announced that we would consider a Soviet proposal on non-use of force in Europe if the Soviets would seriously negotiate with us on the Western package of confidence-building measures. in May 1985, the president repeated this offer in his address to the european Parliament in Strasbourg. Also in 1985, the U.S. and NATO presented their complete package of confidence and security-building measures in language appropriate for a final agreement. These measures, if adopted by the conference, would give concrete, new meaning to the non-use of force principle enshrined in the u.n. charter and the helsinki final act. at the November 1985 Summit, the U.S. and the Soviet Union agreed to work with the other CDE participants toward an early and successful conclusion of the conference. The CDE participants began drafting a concluding document in January 1986, although progress has been slow due to Soviet delay in addressing key issues of thresholds for notification of military activities and inspection provisions. The CDE will conclude its work on September 19, 1986, and report its results to its parent CSCE review conference beginning in Vienna this November.

CW: in april, 1984, the u.s. proposed to the 40-nation Conference on Disarmament (CD) in Geneva a comprehensive treaty banning development, production, use, transfer, and stockpiling of chemical weapons, to be monitored through far-reaching challenge inspection procedures. The Soviets have yet to make a serious, detailed response to the U.S. draft treaty, but they agreed at the Geneva Summit in November 1985 to join us in accelerating work to conclude an effective and verifiable international convention on this issue and to intensify bilateral discussions at the experts level on all aspects (including verification) of such a ban.

Nuclear Testing: While we are actively investigating technologies that may one day make the U.S. less dependent on offensive nuclear weapons for our security, nuclear weapons will remain for the foreseeable future the key element of our deterrent. In such a situation, where both the U.S. and our Allies must rely upon nuclear weapons to deter aggression, nuclear testing will continue to be required.

The U.S. places its highest priority in the nuclear testing area on finding ways of ensuring effective verification of the Threshold Test Ban Treaty (TTBT) and the Peaceful Nuclear Explosions Treaty (PNET). The U.S. has made several specific suggestions to the Soviet Union in this regard.

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CDE: The 35-nation conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE) that opened in Stockholm in January 1984 concluded its work in late September 1986 with an agreement on confidence- and security-building measures (CSBMs). The major provisions of the CDE agreement include the following:

-- Notification of Military Exercises and Other Activities: Parties required to inform other signatories of military activities involving more than 13,000 men or 300 tanks at least 42 days in advance.

-- Observation of Exercises: Parties required to invite observers from other signatories when exercises involve more than 17,000 men.

-- Annual Calendars: Parties required to publish annual calendar of anticipated notifiable activities by 15 November of previous year. Exercises to involve more than 40,000 men to be listed one additional year ahead.

-- Verification of Compliance: Signatories have right to demand on-site inspection of territory of another state whenever suspicious that exercises or other military activities exceeding specified limits are occurring without agreed notification or observation. Parties must accept up to three inspections per year, but no one state can demand more than one such inspection of any other single state per year. Inspections may be carried out by air, on the ground, or both, with the inspected state having a veto over the source of any aircraft and crew.

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-- In 1983, the U.S. Government sought to engage the Soviet Union in a discussion of essential verification improvements on three separate occasions.

-- In September 1984, President Reagan proposed an exchange of Soviet and U.S. experts to measure directly the yields of tests of nuclear weapons at each other's test sites.

-- In July 1985, President Reagan invited Soviet experts to observe a U.S. nuclear test at the Nevada Test Site, bringing with them any instrumentation devices they deemed necessary to measure test yield.

-- In December 1985, President Reagan proposed to General Secretary Gorbachev that U.S. and Soviet experts on nuclear testing limitations meet in February 1986 to discuss our respective verification approaches and to address initial tangible steps to resolve this issue.

-- On March 14, 1986, the President urged the Soviet Union to join the U.S. in discussions on finding ways to reach agreement on essential verification improvement of the TTBT and PNET. In this respect, he provided details to the Soviet Union on the U.S. "CORRTEX" hydrodynamic measurement system, and proposed that General Secretary Gorbachev send Soviet scientists to our Nevada Test Site in April to fully examine CORRTEX. At that time, the Soviets could also monitor a U.S. nuclear test. Finally, the President indicated that if the Soviet Union would join us in an agreement for effective verification, including the use of CORRTEX, the U.S. would be prepared to move forward on ratification of the TTBT and PNET.

technical expert — the full range of — issues

o On July 25, 1986, exports from the U.S. and the Soviet Union began discussions on nuclear testing ~~limitations~~. The President remains convinced that our two nations can find common ground on the nuclear testing issue.

without pre-conditions

o The U.S. has also supported discussion, but not negotiations, at the Conference on Disarmament in Geneva, of verification and compliance issues related to a comprehensive test ban (CTB). A CTB remains a long-term objective of the United States in the context of broad, deep, and verifiable arms reductions, substantially improved verification capabilities, expanded confidence-building measures, and greater balance in conventional forces, and at a time when a nuclear deterrent is no longer as essential an element for international security and stability. The U.S. is currently involved in discussions with the Soviet Union in these areas.

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Non-Proliferation: We continue to seek strengthened international safeguards to prevent further proliferation. The NPT review conference that met in Geneva in September 1985 produced a consensus document strongly endorsing the Treaty, an action that serves to strengthen U.S. non-proliferation efforts. President Reagan and Secretary Gorbachev reaffirmed both countries' commitment to the Treaty at the Geneva Summit in November 1985. They also agreed to additional measures to enhance the Treaty's effectiveness, including enlarging its membership and strengthening the International Atomic Energy Agency.

Other Confidence-Building Measures: In June 1984, the U.S. renewed the U.S.-Soviet agreement to prevent incidents at sea. In July 1984, a new agreement was signed with the Soviet Union to improve the Direct Communications Link, or "Hot Line," by adding a facsimile capability; an agreement on the transfer of U.S. upgrade equipment to the Soviets was signed in September 1985. In June 1985, the U.S. and the Soviet Union signed a "Common Understanding" to the 1971 "Accidents Measures" Agreement clarifying their obligations to consult in the event of a nuclear incident involving unknown or unauthorized parties, including terrorists. President Reagan and Secretary Gorbachev agreed at the Geneva Summit in November 1985 to study the concept of establishing nuclear risk reduction centers to further reduce the chances of conflict between us. Subsequently, exploratory talks were held with the Soviet Union in May ~~1986~~ and in August 1986, and follow-up discussions on this idea are ~~scheduled for late summer~~ under consideration by the two Governments. ← UPDATE

General Talking Points:

Nuclear War: The President and his Administration have no higher priority than reducing the risks of war. Nuclear war in particular, and as both he and General Secretary Gorbachev explicitly agreed at Geneva, "cannot be won and must never be fought." We seek arms control agreements that truly enhance stability and security.

Arms Control: Although we and the Soviets still profoundly disagree over the relationship between strategic offense and defense, we did make some progress at the Geneva Summit on arms control issues. The Administration has a broad arms control agenda involving far-reaching proposals for arms reductions, constraints, and confidence-building measures. We are seeking agreements that are militarily significant, equitable, and effectively verifiable. In each of our efforts, including a number of major negotiations, the U.S. and our Western Allies have made forthcoming new proposals in an effort to achieve progress.

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Geneva Negotiations: Both sides agreed at the Geneva Summit to accelerate work at the Geneva Nuclear and Space Arms Talks. We still have a long road and tough issues ahead. Patient and persistent dialogue will continue to be required. We hope that through this dialogue, we can eventually translate the Summit agreement in principle on an equitable, verifiable 50% reduction in both sides' nuclear weapons into agreements that will pave the way for further deep cuts.

- We have a number of proposals on the table, including the concept of 50 percent reductions in the strategic nuclear arsenals of both the U.S. and the Soviet Union in a manner both equitable and responsible; a detailed, phased approach for eliminating an entire class of weapons -- the longer-range intermediate range weapons -- by 1990; and an offer of an "open laboratories" exchange of visits to facilities performing strategic defense research. Our negotiators have presented these proposals in the spirit of the agreement between President Reagan and General Secretary Gorbachev last November in Geneva. Until recently, the Soviet response has been disappointing.

- Recently, the Soviet negotiators at Geneva have placed on the table new proposals to reduce nuclear weapons. These new proposals may signal the beginning of a serious Soviet effort to seek real arms control. If both sides now genuinely want progress, this could represent a turning point in our efforts to build a safer and more peaceful world.

- In the negotiations, the U.S. and Soviet Union agree that there is a relationship among the different types of arms to be addressed. Offensive and defensive systems are closely related and cannot be considered in isolation from each other. However, progress in any of the three Geneva forums should not be held hostage to progress in another. A vital task before us is to strengthen stability by moving over time to a different kind of strategic relationship, one less dependent on the threat of nuclear devastation, and more dependent on defensive systems that threaten no one.

- Other Negotiations: In addition, we are actively involved in a number of other serious arms control efforts. These include the Vienna negotiations on Mutual and Balanced Force Reductions (MBFR), ~~the Stockholm Conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE), and~~ the Conference on Disarmament (CD) negotiations in Geneva on a comprehensive chemical weapons ban, as well as discussions at the CD on limits on nuclear testing, on outer space, and in other areas of bilateral and multilateral concern. Both sides agreed at the Geneva Summit to increase their efforts to reach effective agreements in these areas.

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- Verification and Compliance: Verification ~~and compliance are~~ is the pacing elements of arms control today. The primary systems of verification are the National Technical Means of each side. U.S. verification capabilities have improved since the late 1970s. In the future, arms control accords will continue relying on National Technical Means as the primary ~~verification tools~~ cooperative measures, but they will also require on-site inspection, a form of verification of proven value which both Governments have long accepted.

- Compliance: The U.S. is seriously concerned about Soviet noncompliance with existing agreements. ~~The~~ three key strategic arms violations are the Krasnoyarsk radar (ABM Treaty), the SS-25 ICBM and telemetry encryption (SALT II). The President's December 1985 Report to the Congress on Soviet Noncompliance with Arms Control Agreements states that past and present U.S. Government studies support its conclusion that there is a pattern of Soviet noncompliance. The Soviet Union has violated its legal obligation under or political commitment to the ABM Treaty (Krasnoyarsk radar); the SALT I Interim Agreement (use of "remaining facilities" at former SS-7 sites); the SALT II Treaty (SS-25, telemetry encryption, Strategic Nuclear Delivery Vehicle limits, concealment of missile/launcher association); the Limited Test Ban Treaty (nuclear test venting); the Biological and Toxin Weapons Convention, and the Geneva Protocol ~~on Chemical Weapons~~ of 1925 (offensive BW program and use of lethal chemicals and toxins in Southeast Asia and Afghanistan); and the Helsinki Final Act (exercise notification provisions). In addition, the USSR has likely violated provisions of the Threshold Test Ban Treaty (150 kt limit). Of eighteen issues studied in the unclassified report, there were nine clear violations, including four involving the SALT II Treaty. In addition, we are concerned about possible Soviet preparations for a prohibited territorial ABM defense. ~~The compliance picture was found to have improved in two cases -- SS-16 and Backfire bomber production rates.~~ We must insist that the Soviets rectify those areas where they are in violation, as their failure to do so has serious consequences for the arms control process. For our part, we ~~are continuing to carry out our own obligations and commitments, and~~ still will continue to seek effective verification and compliance measures in all arms control efforts we undertake.

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- U.S. Interim Restraint Policy: The U.S. will continue to exercise the utmost restraint, while protecting strategic deterrence, in order to help foster the necessary atmosphere for significant reductions in the strategic arsenals of both sides. With the dismantlement of two Poseidon SSBNs in May 1986, the U.S. ~~will~~ remain in technical compliance with SALT until late in 1986, when the 131st heavy bomber ~~is~~ equipped for ALCMs. If the U.S. undertakes additional dismantlements of strategic weapons, it will be on the basis of an assessment of U.S. national security interests, judged in light of Soviet actions and our military and economic requirements, and not on the basis of SALT. If there is no significant change in the threat we face as we implement the strategic modernization program, the U.S. will not deploy more strategic nuclear delivery vehicles or more strategic ballistic missile warheads than does the Soviet Union.

- Confidence-Building Measures: The U.S. has raised and will continue to pursue with the Soviet Union a wide range of CBM proposals at the Geneva Nuclear and Space Arms Talks, at the MBFR negotiations, and at the CDE, as well as in other fora to help to ensure that war does not erupt because of accident, miscalculation, or misunderstanding. In July 1984, the Soviet Union signed what we hope will be the first of several agreements to this end: an agreement to upgrade the U.S.-Soviet hotline. At the Geneva Summit, both sides agreed to study the concept of establishing nuclear risk reduction centers to further reduce the possibility of conflict between us. We hope that, over time, the Soviets will work with us to improve the framework for ensuring against accidental nuclear war.

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DETERRENCE

Issue:

How can we maintain our ability to deter attack on the U.S. and our allies, while moving toward a more stable world with lower levels of nuclear forces?

Objectives:

- Maintain our ability to deter war today and to reduce the risk of war or coercion by the threat to use force.

- Move away from deterrence based exclusively on the threat of nuclear retaliation, to an enhanced deterrence based on the increasing contribution of defensive systems; primarily non-nuclear systems, that threaten no one.

Accomplishments:

- Through our strategic, intermediate-range nuclear, and conventional forces modernization programs, we have begun to remedy the significant vulnerabilities in those forces -- which were inherited in 1981. This will permit us to maintain deterrence today and into the near future.

- The Strategic Defense Initiative, a broad-based research program, will provide future options for moving away from deterrence based on nuclear retaliation and toward a safer, more secure and more stable deterrent.

Talking Points:

- Deterrence is the cornerstone of U.S. national security policy. We deter by ensuring that the leadership of all potential aggressors is aware of our policy to maintain forces adequate to deny an aggressor his basic war aims and, through retaliation, make the costs of aggression far outweigh any potential benefits.

- The President has emphasized that a nuclear war "cannot be won and must never be fought." Our recognition of this fact is not sufficient to prevent nuclear war; we must be certain that the Soviet leadership understands it as well.

- Deterrence based on nuclear retaliation has worked for over 30 years. However, Soviet improvements in both their offensive forces and their own strategic defenses, if unanswered, will erode deterrence.

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- Our strategic modernization program is designed to ensure our ability to deter today. The SDI program seeks to create a better basis for deterrence in the future.

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STRATEGIC MODERNIZATION

Issue:

How can the United States close the gap between its strategic capabilities and those of the Soviet Union?

Objectives:

- Redress the most serious weaknesses in our current strategic posture.
- Provide incentive to the Soviets to negotiate meaningful arms reductions that promote strategic stability.

Accomplishments:

- In 1981, the President recognized the need for strategic modernization, and as a result, proposed a five-part, mutually-reinforcing program to restore the strategic balance.
- The five-point program directed the Department of Defense to: Improve U.S. strategic defenses; design and deploy improvements to our command-and-control system to ensure positive control to further reduce the risk of war; design and produce a cost-effective Peacekeeper intercontinental ballistic missile; refine and improve the basic design of the B-1 strategic bomber and place it into series production; select a design and develop an Advanced Technology Bomber (ATB), and an advanced cruise missile (ACM), to complete the basic modernization requirements of the strategic bomber force of the 1990s and beyond; deploy a Trident submarine, and develop an improved Trident II/D-5 submarine-launched ballistic missile system and a nuclear-armed SLCM.
- A major change to the President's program was incorporated after its initiation: at the recommendation of the Scowcroft Commission, work was initiated on a Small ICBM for deployment in the 1990s in addition to the Peacekeeper.
- Significant progress has been made on all five of the Strategic Initiatives.
- Improvements to the Strategic Command-and-Control system are being implemented.
- The B-1 is now being deployed to operational bases months ahead of schedule and below cost. Research on the ATB is on or ahead of schedule. The advanced cruise missile has been placed into production.

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- The first 42 Peacekeeper missiles are in production, and the Peacekeeper missile has had twelve successful test launches, including the first test from a silo.

- Research on the D-5 missile is on schedule and the nuclear-armed SLCM has been deployed.

- Improvements to our strategic air defenses are being implemented.

Talking Points:

- Strategic modernization is required to redress the serious weaknesses in our strategic posture caused by the massive Soviet build-up of strategic forces over the past 10 to 15 years -- a period of U.S. restraint in deployment of strategic systems. It is also needed to restore our deterrent strength, and to provide strong incentives to the Soviets to negotiate genuine arms reductions.

- Under President Reagan's leadership, a five-part, mutually reinforcing strategic modernization program has been initiated. Significant progress has already been made in a number of areas.

- Strategic communications-and-control systems are being improved to ensure that we could employ our nuclear forces effectively, which is essential to a credible deterrent.

- Bomber modernization is underway to reduce the risks associated with the aging and potentially vulnerable B-52 force.

- Sea-based forces, currently the most survivable leg of our strategic Triad, are being modernized and a new Trident has been deployed.

- Our land-based missile force is being modernized to remedy an important part of the strategic imbalance. This modernization is critical because of the important contributions of the ICBM which include: prompt hard target capability; secure command-control-and-communications; rapid re-targeting; high alert rate; and low operations and support costs (only 12 percent of the total cost for the entire Triad).

- The President's strategic modernization program is an essential element in helping us meet our arms control objectives. We have stated that we are willing to negotiate trade-offs in each side's advantages and a build-down of strategic systems leading to significantly lower and more stable strategic forces. We seek to reach an equitable and verifiable arms control agreement in the talks under way in Geneva.

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ICBM MODERNIZATION

Issue:

How can the United States maximize the effectiveness of the ground-based portion of the strategic Triad in support of credible deterrence?

Objectives:

- Modernize the aging U.S. ICBM force through the deployment of 100 Peacekeeper missiles and the development of a new small mobile ICBM.

Accomplishments:

- The Peacekeeper test program has been an outstanding success: All test objectives have been met or exceeded, and accuracy/reliability results have been excellent.

- 50 Peacekeeper missiles have been approved for silo deployment in Minuteman silos. Research is underway for a more survivable basing mode for an additional 50 missiles, pursuant to the FY 1986 Defense Authorization Act.

- Production has been approved and initiated on the first 42 Peacekeeper missiles, and work in connection with the deployment of the first 50 missiles in existing Minuteman silos at F.E. Warren Air Force Base, Wyoming, is progressing on schedule. All other requirements for an operational deployment of Peacekeeper in 1986 are on schedule.

- Development of the small ICBM has begun, and is on schedule for a possible deployment in the early 1990's.

Talking Points:

- ICBM modernization is essential to the viability of the strategic Triad of bombers, submarine-launched ballistic missiles, and ICBMs that has kept the peace for well over two decades.

- The President has endorsed the recommendations of the Bipartisan Scowcroft Commission to deploy the Peacekeeper missile as soon as possible and develop a small ICBM, while vigorously pursuing arms control.

- Peacekeeper is the only near-term ICBM that can help restore the strategic imbalance that developed as the Soviets modernized during a period of U.S. restraint.

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- In the late 1970s, the Soviets modernized their ICBM force through the deployment of a new generation of MIRVed ICBMs, 150 SS-17 missiles, 308 SS-18 missiles and 360 SS-19 missiles. More recently, they began deployment of the mobile SS-25 and are continuing preparations to deploy the MIRVed mobile SS X-24. The U.S. has deployed no new systems during this period.

- Peacekeeper deployment is an important element in demonstrating U.S. resolve to maintain its modernization program consistent with national security objectives, while pursuing deep reductions in both sides' nuclear arsenals at the Geneva talks. Failure to deploy Peacekeeper would remove no incentive for the Soviets to undertake serious negotiations aimed at limiting and reducing strategic systems.

- Peacekeeper deployment is a vital first step in a logical, comprehensive, and progressive approach toward permitting us and encouraging the Soviets to move toward smaller, survivable, and more stable systems at lower levels of forces. Without Peacekeeper, the Soviets have little incentive to move in this direction in the near term. With ICBM modernization, stability and deterrence will be enhanced well into the twenty-first century.

- A new single warhead small ICBM is also required. Each of these ICBMs represents a low-target value from a Soviet attack-plan perspective. A flexible and survivable basing mode is being developed as a complement to a small ICBM. (Current emphasis is on a hard mobile concept).

- The Secretary of Defense will be reporting to the President at the end of the year on the best basing mode and missile configuration for the small ICBM. The small ICBM will begin full-scale engineering development in December 1986.

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STRATEGIC DEFENSE INITIATIVE

Issue:

How can the United States attain its long-range goal of making ballistic missiles impotent and obsolete?

Objective:

- Continue intensive research into the potential of advanced defensive technologies to support a future U.S. decision on whether to develop and deploy an effective defense against ballistic missiles.

Accomplishments:

- On March 23, 1983, the President directed that research within the limits prescribed by the ABM Treaty go forward on neutralizing all ballistic missile threats.

- Early feasibility studies determined that advanced technologies showed promise for providing an effective anti-ballistic missile defense and that such defenses could enhance deterrence, stability, and prospects for offensive nuclear arms reductions. The studies recognized that uncertainties could only be resolved through further research. As a result, defense experts recommended a vigorous research program designed to answer the remaining questions as to whether an effective defense is feasible.

- After consulting with key military and civilian advisors, the President directed that an accelerated research effort be conducted. The objective is to provide answers that will permit us to make an informed decision in the early 1990's on whether to proceed with developing and ultimately deploying such defensive systems. All research is fully compliant with our treaty obligations.

- In recognition of the importance of SDI both to the United States and our Allies, the U.S. extended an offer to our Allies to participate in SDI research. Agreement on such participation has been reached with the U.K., West Germany, ITALY, and Israel, and may be reached with additional ALLIES AS WELL.

Talking Points:

- The President's Strategic Defense Initiative seeks to explore the potential of emerging defensive technologies to enhance deterrence and improve stability by significantly reducing the military effectiveness of ballistic missiles.

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- The pace of Soviet offensive and defensive strategic military programs has upset the balance in the areas of greatest importance during crises. Their modernization of offensive nuclear forces has been particularly striking.

- When the ABM Treaty was signed in 1972, it was agreed that a comprehensive treaty reducing offensive nuclear forces should parallel it. It was hoped that such a treaty could be concluded in two years, and certainly within five years. The U.S. still has not been able to obtain Soviet agreement to such reductions.

- SALT I and SALT II codified major arms buildups, and allowed inequalites and ambiguities with respect to verification. They counted launchers, and limited weapons only indirectly. Since SALT I was signed in 1972, the Soviets have nearly doubled their strategic ballistic missile warheads from about 5000 to about 9000. The SALT structure has not reduced the Soviet buildup.

- The Soviet Union's relentless improvement of its strategic ballistic missile forces has steadily eroded the survivability of our land-based retaliatory forces.

- The President's Strategic Defense Initiative addresses his deep conviction that "certainly, there should be a better way to strengthen peace and stability, a way to move away from a future that relies so heavily on the prospect of rapid and massive retaliation and toward greater reliance on defensive systems which threaten no one."

- On March 23, 1983, President Reagan announced his decision to take an important first step toward this goal by directing the establishment of the Strategic Defense Initiative research program.

- The Soviets have long been engaged in an intense strategic defense research program. ~~including~~ the world's only existing ABM system, ~~in Krasnoyarsk,~~ deployed around Moscow. ~~violating the ABM treaty.~~

THEY HAVE

- The Soviet offensive nuclear build-up has eroded the foundation on which deterrence has long rested. In concert with their massive and newly modernized offensive forces and already impressive air and passive defense capabilities, the possibility of a Soviet breakout from the ABM Treaty -- which the Soviet Union is already violating -- poses a serious new threat to U.S. and Allied security.

- At a minimum, the SDI program is a prudent response to the very active Soviet research and development activities in this field, and it provides insurance against Soviet efforts to develop and deploy unilaterally an advanced defensive system.

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- The U.S Strategic Defense Initiative research program is fully consistent with the ABM treaty, emphasizes advanced, non-nuclear defensive technologies with the aim of finding better ways of deterring aggression, strengthening stability, and increasing the security of the United States and its Allies.

- The research will provide to a future President and a future Congress, possibly in the early 1990s, the technical knowledge required to support a decision on whether to develop and later deploy advanced strategic defensive systems.

- SDI offers us, our Allies, and the world in general the possibility of radically altering today's dangerous trends by moving to a better, more stable basis of deterrence. It would allow us to move away from reliance on the threat of nuclear retaliation to deter aggression, and towards an enhanced deterrence based upon defensive capability that threatens no one.

- In the Geneva Nuclear and Space Talks, our priority is in obtaining Soviet agreement to significant reductions in offensive nuclear weapons and in reversing the erosion of the ABM Treaty. We also seek to engage the Soviets in discussion of the offense-defense relationship and our view of how a transition to increased reliance on defense could enhance mutual security and strategic stability.

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ANTI-SATELLITE (ASAT) DEVELOPMENT AND ARMS CONTROL

Issue:

How can the United States best protect its interests in space and strengthen deterrence?

Objectives:

- Ensure that we have a full range of options for protecting our military and civil systems deployed in space.
- Deploy a U.S. anti-satellite capability (the MV - Miniature Vehicle System), and develop other space systems and capabilities, as well as negotiate agreements that maintain and strengthen deterrence in these areas.

Accomplishments:

- U.S. National Space Policy, announced by the President on July 4, 1982, states that the United States will consider verifiable and equitable arms control measures that would ban or otherwise limit testing and deployment of specific weapons systems, should those measures be compatible with U.S. national security.
- With U.S. support, a specialized ad hoc committee to consider issues relevant to space arms control, without a negotiating mandate, was formed in the forty-nation Conference on Disarmament in Geneva. The mandate for this Committee is largely that proposed by the U.S. and its Allies over a year ago, and focuses on legal and verification issues.
- In March 1984, the Administration submitted a comprehensive report to the Congress on U.S. Policy on ASAT Arms Control, which pointed out factors that impede identification of effective ASAT arms control measures. These include verification difficulties, diverse sources of threats to U.S. and Allied satellites, and threats posed by Soviet targeting and reconnaissance satellites. The report also indicated that the U.S. would continue to study selected limits on specific types of systems or activities.
- The U.S. ASAT Program under development has made significant technical progress: the ASAT Boost System and its miniature vehicle have been tested in space; and a successful test has been made against a satellite target in space.

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- Research continues on technologies with potential for ASAT use, including directed energy weapons and space tracking technology.

- Survivability of U.S. space assets is being upgraded through the development of measures which reduce or eliminate the effectiveness of Soviet ASAT systems.

- On March 12, 1985 the United States and the Soviet Union began talks on space and nuclear arms with the objectives of preventing an arms race in space and terminating it on earth, at limiting and reducing nuclear arms, and at strengthening strategic stability.

Talking Points:

- The Soviets introduced their ASAT system over a decade ago. Today it is the world's only operational ASAT system.

- Current Soviet ASAT capabilities include an operational orbital interceptor system; ground-based test lasers with probable ASAT capabilities; possibly the nuclear-armed Galosh ABM interceptors (if modified); and the technological capability for electronic warfare (jamming) against space systems.

- The operational Soviet ASAT system threatens U.S. low-altitude satellites.

- The 1978-1979 ASAT arms control talks revealed major U.S.-Soviet differences, and subsequent study has brought space arms control issues into sharper focus. Problems in space arms control include: verification difficulties; high risk of Soviet break-out due to existing Soviet ASAT capabilities and research; difficulties in defining space weapons, since many ground-based systems have space capability and manned space systems have extreme flexibility; and the fact that the Soviets have deployed ASAT systems, whereas we have not.

- The Soviets' proposal in the 1983 UNGA for an ASAT arms control treaty lacked provisions for effective verification, was unclear with regard to Soviet targeting satellites, and did not deal with residual ASAT capabilities. This moratorium proposal seemed clearly designed to block tests of the U.S. ASAT, while allowing the USSR to maintain its monopoly with the world's only operational ASAT interceptor system. The Soviets essentially reiterated these same proposals in June 1984, in connection with their proposal for talks in Vienna in September 1984, and again in March 1986, at the U.N. Conference on Disarmament in Geneva.

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- The U.S. is prepared in the Defense and Space Negotiations Group in the Geneva Nuclear and Space Talks to consider Soviet proposals, and to present ideas of its own on this complex subject. So far the Soviet proposal for a ban on ASAT testing and deployment suffers from the same defects as their earlier proposal.

- The U.S. Congress has imposed a unilateral ban on testing the U.S. ASAT against a target in space. This ban leaves the Soviets with a monopoly in ASAT capability and should be lifted as soon as possible.

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SPACE

Issue:

How can the United States capitalize on the full potential of the medium of space in satisfying overall national interests?

Objectives:

- Strengthen the security of the United States.
- Maintain U.S. space leadership.
- Benefit economically, politically and scientifically by exploiting space.
- Expand U.S. private sector investment and involvement in civil and commercial space-related activities.
- Promote international cooperative activities in space that are in the national interest.
- Work with other nations to preserve the freedom of space for all activities that enhance the security and welfare of mankind.

Accomplishments:

- On July 4, 1982, President Reagan signed the National Space Policy to guide the conduct of our space program. The policy states that our space program will be conducted according to a set of principles.
- We are committed to the exploration and use of space by all nations for peaceful purposes and for the benefit of mankind.
- We reject any claims to sovereignty by any nation over outer space, celestial bodies, or any portion thereof, and reject any limitations on the fundamental right to acquire data from space.
- We consider the space systems of any nation to be national property, with the right of passage through, and operations in space without interference.
- We encourage domestic commercial exploitation of space capabilities, technology, and systems for national economic benefit.

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- We will conduct international cooperative space-related activities that achieve sufficient scientific, political, economic, or national security benefits for the Nation.

- Our space program will be comprised of two separate, distinct, and strongly interacting programs -- national security and civil security.

- The Space Transportation System (STS) is the primary space launch system for both national security and civil government missions.

- We will pursue activities in space in support of our right of self-defense.

- We will continue to study space arms control options.

- Our Space Assistance and Cooperation Policy, which was issued on August 6, 1982, promulgates broad U.S. objectives in international space cooperation, and provides policy on space launch and technology assistance.

- The President has directed the maintenance of orbiter production through manufacturing structural and component spares.

- In May 1983, the President established a policy to facilitate the commercialization of expendable launch vehicles (ELVs). A Senior (Space) Interdepartmental Group study subsequently led to establishing procedures for licensing commercial space launches and giving lead-agency responsibility to the Department of Transportation.

- Following the completion of an interdepartmental study, the President announced in his State of the Union Address on January 25, 1984, that developing the frontier of space, would be one of the four major goals for the U.S. in the 1980s. He announced that: the U.S. will develop a permanently-manned space station and place it in orbit within a decade; our friends and Allies are invited to join us, we have now included Allied scientists in the program; and we would implement a number of initiatives designed to promote private sector investment in space.

- At the Bonn Economic Summit in May 1985, we received positive responses from the European Space Agency, Canada, and Japan to participate in the U.S.-Manned Space Station program.

- On July 20, 1984, the President announced 13 initiatives to encourage commercial activity in space.

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- On August 15, 1984 the President approved a National Space Strategy. The Strategy implements the National Space Policy by providing 17 priorities for the U.S. Space Program in the STS, Civil Space, Commercial Space, and National Security Space areas. Seven follow-on efforts to further implement the policy are directed.

- On February 25, 1985, the National Security Launch Strategy was issued. It authorizes the Department of Defense to procure a limited number of ELVs in order to maintain assured access to space. It also directs a joint Defense-NASA study on the development of a second-generation space transportation system that would be a follow-on to the Shuttle.

- On July 30, 1985, the President approved a plan for implementing full cost recovery of foreign and commercial Shuttle flights occurring after October 1, 1988. In approving this plan, the President directed that the price charged to DOD for Shuttle flights would be negotiated separately from that charged under the foreign and commercial policy, and would include appropriate compensation for DOD services rendered in connection with Shuttle flights.

- On January 28, 1986, the Shuttle orbiter Challenger was destroyed shortly after lift-off, killing all seven astronauts on board. On February 3, 1986, the President established an accident investigation commission to determine the cause of the Challenger loss. On February 5, 1986, the Assistant to the President for National Security Affairs directed a study to determine what measures to take to reconstitute the U.S. space launch capability. On May 15, 1986, the President was briefed on reconstitution of space launch capability findings. On June 13, the President instructed the Administrator of NASA to report back in 30 days as to how he would implement commission findings. On June 20, the Congress passed an FY 86 urgent supplemental funding bill which provided DOD and NASA sufficient funds to begin reestablishing the U.S. space launch capability. On July 7, 1986, the Economic Policy Council was tasked to take 60 days to develop a plan that would determine when and how to transition commercial launch capabilities into operation.

Talking Points:

- A vigorous and forward-looking space program is one of the most highly visible and tangible demonstrations of world leadership.

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- Few other national endeavors have equaled the potential of the U.S. Space Program to: perform functions in the national security, domestic and private sectors that either cannot be performed any other way or cannot be performed as economically or as well; advance the state-of-the-art in high technology; elevate the human spirit, capture our imaginations, demonstrate our pioneering initiative, and hold out hope for a progressive future for our Nation and all mankind.

- Since announcement of his National Space Policy in July 1982, President Reagan has issued approximately eight directives and made numerous decisions that will help implement this broad policy. The Senior Interdepartmental Group (SIG) for Space was established to coordinate the implementation.

- Much remains to be done to set the U.S. Space Program on a course that ensures U.S. leadership in the decades ahead. By the President's direction, a National Space Strategy has been completed, which establishes broad priorities for the U.S. Space Program and identifies potential issues to be resolved through follow-on studies.

- Several actions are underway to reestablish the U.S. space launch capability. They include procuring additional medium expendable lauch vehicles (MELVs), and larger complementary expendable launch vehicles (CELVs), requiring satellites to be dual compatible with either the Shuttle or ELVs, repairing faulty NASA shuttle launch systems to preclude future failures similar to the Challenger accident, and preparation of a transition plan that integrates U.S. commercial launch systems into the U.S. space launch capability. The President has indicated his support for a fourth replacement orbiter, but funding its procurement remains to be resolved.

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MILITARY CAPABILITY/READINESS

Issue:

Are our armed forces more "ready" than in 1980?

Objectives:

- Continue to improve training and skill levels of U.S. forces.
- Reduce longstanding shortages in combat sustainability, including stock levels of critical consumables.
- Provide modern equipment to enhance combat effectiveness and survivability.
- Provide better capability to deploy and support forces over long distances.
- Blend equipment, sustainability, logistics, and manpower improvements into more combat-capable armed forces.

Accomplishments:

- In force readiness (the ability of forces, weapons systems, to deliver outputs -- without unacceptable delay -- for which they were designed), substantial progress has been made in the past three years, and steady improvement is projected for the future.
- Since FY 1980, there has been an almost 16 percent increase in the number of enlisted personnel with four or more years of service, and the percentage of recruits with high school diplomas has increased from 68 percent to 93 percent.
- While trends in average training hours/flying days/steaming days have been steady, or have improved slightly since 1980, the quality of training has improved considerably.
- Trends in the material condition (mission-capable rates) of most major weapons categories have been steady or slightly improving since FY 1980. Now, however, we are supporting larger numbers of more sophisticated and complex weapons, operating them for longer periods, and still realizing readiness improvements in some areas.
- In force sustainability, (the staying power of our forces in combat), because of the long lead times involved in procurement, our increased funding from FY 1982-84 for sustainability has not yet been fully translated into significantly increased inventories. However, we have increased the budget allocation by 100 percent over the 1980 level, which will result in increased sustainability.

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- In force structure, (the numbers, size, and composition of our forces), we have provided for significant increases in the numbers of some units (divisions, battalions, tactical fighter wings, Navy aircraft squadrons, and ship battle groups) over the past four years. The need to provide balance among the components of military capability within finite resources has required, however, that revisions in force structure receive a somewhat lower priority than modernization, readiness, and sustainability.

- In strategic mobility, we can deliver 25 percent more tonnage to Europe by air. We have done more to improve sealift since 1981 than in all the years since WW II.

- In force modernization, we have obtained appropriations of over $27 billion for construction of 34 new major combat ships. We have funded a substantial increase for procurement of modern weapons systems for the Army and Marine Corps, e.g., for some 3,769 M-1 Abrams tanks; 2,855 Bradley Fighting Vehicles; 315 AH-64 Apache attack helicopters; 720 Light Armored Amphibious Vehicles; and 11,057 Stinger missiles. We can provide 62 percent more air sorties in Europe -- sorties whose individual effectiveness is improved because they are flown by newer aircraft carrying more accurate weapons.

- The introduction of more modern, capable, and effective weapons systems has in some cases been accompanied by a period of lower apparent readiness, in terms of equipment fill, during the period of transition when not all of the ancillary support equipment has been delivered, and there are no suitable substitutes to offset the shortage. This apparent reduction in readiness, however, is only temporary and is more than offset by modernization improvements that enhance overall capability.

- The Bottom Line: In the professional judgment of each U.S. Unified and Specified Commander-in-Chief, his command is indeed far more ready "by every measure of common sense" than it was four years ago.

Talking Points:

- This Administration inherited several acute defense problems which required immediate attention: There was no comprehensive plan for strategic modernization; production rates for many important procurement programs were grossly inefficient; war reserves were extremely low; and there was an ongoing "hemorrhage" of skilled manpower. The commitment to address and resolve these problems appeared to have been woefully inadequate.

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- This Administration's primary objectives have thus been to improve near-term training, readiness, and manpower problems; integrate the modernization of strategic forces; increase conventional force modernization; and make inroads in the longstanding deficiencies in combat sustainability.

- Overall, substantial progress has been made in many aspects of these problems in the past four years, and gradual but steady improvement is projected in the future. We have more and better people, they are better trained, and our men and materiel are better supported.

- We have shown that it is possible to set defense priorities and to make balanced progress in improving overall military capabilities.

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NUCLEAR WEAPONS MODERNIZATION IN NATO

Issue:

How can the United States best advance the process of modernizing NATO's weapons to provide an effective and credible deterrent which supports NATO strategy while preserving the Alliance's unified approach to modernization?

Objectives

- Continue, in the absence of an arms control agreement, to deploy long-range intermediate nuclear weapons (LRINF) in accord with the 1979 NATO Decision.
- Maintain an effective and credible nuclear deterrent in NATO which supports NATO strategy and objectives at the lowest reasonable inventory level.
- Enhance the utility, survivability, and safety of nuclear weapons in NATO.

Accomplishments

- The NATO nuclear weapons inventory has been reduced to its lowest level in twenty years. Following a withdrawal of 1,000 warheads in 1980 as part of the 1979 Dual-Track Decision, we reached further agreement in 1983 to withdraw 1,400 additional weapons.
- Alliance unity has been maintained through extensive consultations throughout INF negotiations. We agree on negotiating positions and on adherence to measured deployment of 572 LRINF weapons in the absence of a verifiable, equitable arms control agreement. Deployment has proceeded on schedule in the U.K., the FRG, Belgium, and Italy.
- Following Belgian Prime Minister Martens' visit here in January 1985, followed by a letter to the Prime Minister from President Reagan, the Belgian Government decided to proceed immediately with the scheduled deployment of 16 cruise missiles on its soil. The Belgian Government has agreed to accept another 32 missiles in late 1987 or 1988.
- In November 1985, the Dutch Government agreed to NATO's request that it deploy 48 cruise missiles in the Netherlands. The Government announced that deployment would occur in 1988, and construction of the cruise missile base in the Netherlands has begun.

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- We continue to explore ways to reach the lowest inventory level and weapons mix consistent with a credible and effective nuclear deterrent.

- We have obtained Allied recognition of and support for improvements in conventional defense capabilities to permit less reliance on nuclear weapons in NATO strategy. U.S. defense improvements have led the way in reducing the need for early resort to nuclear weapons.

- A limited but effective modernization program for shorter-range systems has been developed, to provide needed capabilities at reduced inventory levels. Modernization also enhances the accuracy, flexibility, and security of stock-pile warheads.

Talking Points

- Over the last four years, progress in NATO nuclear weapons modernization has been substantial. We have reduced the overall weapons inventory to the lowest level in twenty years, and in 1983 we reached agreement in the Alliance to withdraw another 1,400 warheads, plus an additional warhead for each Pershing II or Ground-Launched Cruise Missile deployed.

- We have maintained Alliance unity in pursuit of both tracks of the 1979 Dual-Track Decision. We have negotiated constructively and flexibly on INF, with full Alliance accord on our position; we have adhered to a limited and gradual deployment of Pershing II and Ground-Launched Cruise Missiles in the absence of an equitable and verifiable INF arms control agreement.

- We have pursued a limited modernization program for other short-range nuclear warheads, which will allow us and NATO to maintain a credible, effective theater nuclear deterrent at the lowest possible inventory level.

- We have led the way in conventional defense improvements in NATO, and there is Allied agreement on the wisdom of improving conventional forces and reducing reliance on nuclear weapons if deterrence fails.

- The United States has undertaken a sustained, expanded, and in some cases unprecedented, level of consultations with its NATO Allies. Following recent high-level consultations, the United States presented a new INF proposal at Geneva that would permit an "interim" accord reducing INF systems as part of a longer-term goal of global elimination of such weapons.

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- The NATO Special Consultative Group (SCG), chaired by the United States, meets regularly and often to review and coordinate our INF negotiating efforts.

- The NATO High-Level Group (HLG), also chaired by the United States, also meets frequently to examine critical nuclear issues facing the Alliance, providing the analysis on which NATO decisions on these issues have been based.

- The Ministerial-level Nuclear Planning Group (NPG), of which the United States is a participant, meets semiannually to discuss nuclear issues in the Alliance.

- The United States also has participated in a series of bilateral High Level Defense Group meetings with various NATO partners which have resulted in improved understanding of defense matters.

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NON-FIRST-USE OF NUCLEAR WEAPONS

Issue:

How should the United States respond to pressures to renounce the first use of nuclear weapons in a conflict?

Objectives:

- Support NATO strategy of not being the first to use force of any kind.
- Protect our ability to deter attack by avoiding categorical assurances that we will never be the first to use nuclear weapons.
- Deflate the claims that a declaratory policy forswearing the first-use of nuclear weapons is verifiable or militarily meaningful, or that it enhances rather than undercuts stability and security.

Accomplishments:

- The Administration has reaffirmed U.S. adherence to the principle, embodied in both the U.N. Charter and the North Atlantic Treaty Organization Charter, that we will not be the first to resort to force of any kind.
- In consultation with our NATO Allies, we also have revalidated the strategy of flexible response as first and foremost a deterrence strategy, not an aggressive strategy.
- The U.S. has offered to discuss, in CDE, a reaffirmation of the principle of non-use of force if the Soviets will enter serious negotiations about taking concrete steps toward substantive and verifiable confidence-building measures which enhance security and lessen the possibility of an outbreak of war.

Talking Points:

- America's policy on how to promote world peace has consistently been more inclusive -- and thus potentially more productive -- than any one declaration on a specific kind of weapon: we are pledged not to be the first to use force "of any kind." We are also seeking agreements on major reductions in U.S. and Soviet nuclear arsenals, in limiting conventional forces, and in banning chemical weapons.

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- Our policy on this issue has been developed in close consultation with our Allies, especially the other NATO members. We approach this issue in concert.

- A declaration about non-first-use of nuclear weapons would undermine the credibility of our deterrent strategy, which is designed to prevent any aggression, nuclear or conventional, against the Western democracies, especially in view of the Warsaw Pact's preponderance in non-nuclear forces.

- Over the last four years, we have devoted considerable energy and resources to improving conventional defense capabilities. This will allow us to reduce our reliance on nuclear weapons and maintain a credible overall deterrent -- but from a posture which enhances overall security rather than placing it at risk.

- Signaling in advance to a potential aggressor who clearly enjoys a substantial advantage in conventional and chemical forces how we might -- or might not -- respond to his aggression could encourage him to see how far he might be able to go. This would undercut NATO's longstanding deterrence strategy, thereby actually increasing the chances of nuclear war.

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